

HOUSE BILL 753

Unofficial Copy
Q7

2003 Regular Session
(3lr1786)

ENROLLED BILL

-- Ways and Means/Budget and Taxation --

Introduced by **Delegates Hixson, Bozman, Gordon, Healey, Howard, Marriott,
and Patterson**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this
____ day of _____ at _____ o'clock, ____ M.

Speaker.

CHAPTER _____

1 AN ACT concerning

2 **Tax Administration and Compliance**
3 **Taxes and Revenues**

4 FOR the purpose of ~~repealing certain credits and discounts allowed certain vendors~~
5 ~~for collecting and remitting to the State certain taxes, fees, and surcharges;~~
6 ~~requiring that before certain licenses or permits issued by the State are~~
7 ~~renewed, the issuing authority shall verify through the Office of the Comptroller~~
8 ~~that certain taxes and unemployment contributions have been paid or that~~
9 ~~payment has been provided for in a certain manner; requiring certain fiduciary~~
10 ~~institutions to disclose certain information requested by the Comptroller~~
11 ~~relative to certain accounts in the name of an individual whose property is~~
12 ~~subject to a tax lien; providing that certain provisions of law do not prohibit a~~
13 ~~fiduciary institution from disclosing certain financial records that the~~
14 ~~Comptroller determines are necessary to enforce the tax laws of the State;~~
15 ~~altering the time for filing of certain income tax withholding returns under~~
16 ~~certain circumstances; altering a certain definition to include winnings derived~~

1 from pari-mutuel wagering in certain provisions of law concerning income
2 subject to withholding for income tax purposes; requiring an employer to base
3 withholding for an employee on not more than the actual number of exemptions
4 allowed on the employee's prior year's return under certain circumstances;
5 requiring the transferee of certain property to withhold and remit to the
6 Comptroller a certain part of the total payment for property that is sold or
7 exchanged by certain nonresidents of the State or certain out-of-state entities;
8 providing that the amounts required to be withheld on the sale or exchange of
9 certain property by certain nonresidents and certain out-of-state entities are a
10 personal liability of the transferee of the property and a lien on the property of
11 the transferee for a certain period of time; requiring that certain instruments of
12 writing include a description of the total payment for the property in the recitals
13 or the acknowledgment of the instrument or in a certain affidavit; providing
14 that certain instruments of writing may not be recorded unless a certain part of
15 the total payment is paid to the clerk of the circuit court or the Department of
16 Assessments and Taxation; requiring the clerks and the Department of
17 Assessments and Taxation to collect the amounts and pay over those amounts to
18 the Comptroller; providing that amounts collected and paid over are deemed
19 paid to the Comptroller on behalf of the transferor; altering certain due dates for
20 the filing of a sales and use tax return; altering certain limitations on certain
21 authority of the Comptroller and the Department of Assessments and Taxation
22 to require unpaid tax liability to be paid in funds that are immediately
23 available; providing that certain tax information may be disclosed to certain
24 license issuing authorities of the State required by law to verify certain tax
25 compliance before renewing a license or permit; altering the circumstances
26 under which a tax collector is required to assess certain interest and penalty for
27 failure to pay certain estimated taxes; providing for withholding of a certain
28 part of the contract price under certain contracts with certain contractors that
29 do not maintain a regular place of business in the State, pending certain tax
30 compliance verification; authorizing the Comptroller to request certain
31 information and assistance from financial institutions to enable the Comptroller
32 to enforce the tax laws of the State; requiring a financial institution that
33 receives a request from the Comptroller to submit a certain report to the
34 Comptroller regarding certain persons whose property is subject to a tax lien;
35 prohibiting certain disclosure or use of certain information contained in to
36 certain persons of certain information and related to certain requests by the
37 Comptroller to a financial institution; requiring the Comptroller to promptly
38 give certain notice of a tax lien to certain financial institutions; requiring a
39 financial institution under certain circumstances to seize and attach certain
40 accounts of certain persons whose property is subject to a tax lien; authorizing a
41 financial institution to assess a certain fee against certain accounts or obligors
42 under certain circumstances; providing that a financial institution may not be
43 held liable for certain actions under certain circumstances; requiring the
44 Comptroller to send a certain notice to certain obligors under certain
45 circumstances; authorizing certain persons to challenge certain actions of the
46 Comptroller in a certain manner under certain circumstances; requiring a
47 financial institution under certain circumstances to pay to the Comptroller
48 within a certain period of receiving a certain notice certain amounts in the

1 accounts of certain persons whose property is subject to a tax lien; providing
 2 that a tax lien for certain taxes extends to and covers certain salary, wages, or
 3 other compensation for personal services; imposing the insurance premiums tax
 4 on health maintenance organizations and managed care organizations;
 5 providing that premiums to be taxed include certain amounts paid to a health
 6 maintenance organization and a managed care organization; ~~altering certain~~
 7 fees assessed for the filing of certain documents and certain annual reports;
 8 ~~imposing certain fees for the filing of certain documents and certain annual~~
 9 ~~reports; repealing certain fees imposed for the indexing of names; providing that~~
 10 ~~a certain part of certain fees imposed shall be credited to a certain fund;~~
 11 ~~imposing a certain surcharge on the Maryland taxable income of corporations for~~
 12 ~~certain taxable years; requiring the Comptroller to distribute the revenues from~~
 13 ~~the surcharge to the General Fund of the State;~~ authorizing the Comptroller to
 14 distribute, apportion, or allocate certain tax attributes between and among two
 15 or more organizations, trades, or businesses under certain circumstances;
 16 requiring that certain interest expenses and certain intangible expenses be
 17 added to the federal taxable income of a corporation to determine Maryland
 18 modified income under certain circumstances; providing that to the extent
 19 allowed under the Constitution of the United States, under certain
 20 circumstances certain income of certain corporations that is not apportionable
 21 under the Constitution of the United States shall be allocated to the State for
 22 income tax purposes; requiring that certain sales of tangible personal property
 23 be included in the numerator of the sales factor used for apportioning a
 24 corporation's income to the State under certain circumstances; requiring certain
 25 corporations under certain circumstances to include with an income tax return
 26 or otherwise file with the Comptroller a certain statement regarding certain
 27 dealings and transactions with related corporations; ~~imposing recordation and~~
 28 ~~transfer taxes on the transfer of a controlling interest in certain entities owning~~
 29 ~~certain interests in real property in Maryland; requiring the filing of a certain~~
 30 ~~report; providing for a filing fee; establishing the rate of taxation and the~~
 31 ~~method of calculation of tax liability; exempting certain transfers; providing for~~
 32 ~~interest and a penalty for certain filings; requiring the Comptroller to assess~~
 33 ~~interest and penalty under certain circumstances; requiring the Comptroller to~~
 34 ~~conduct a certain study; requiring that certain revenues be deposited in the~~
 35 ~~General Fund rather than certain special funds;~~ requiring the Comptroller ~~and~~
 36 ~~the Department of Assessments and Taxation~~ to adopt certain regulations;
 37 defining certain terms; making the provisions of this Act severable; providing for
 38 the effective dates *date* and application of this Act; and generally relating to tax
 39 administration and compliance taxes and revenues.

40 ~~BY repealing and reenacting, with amendments,~~
 41 ~~Article 41—Governor—Executive and Administrative Departments~~
 42 ~~Section 18-105(b)(2) and (3)~~
 43 ~~Annotated Code of Maryland~~
 44 ~~(1997 Replacement Volume and 2002 Supplement)~~

45 ~~BY repealing and reenacting, with amendments,~~
 46 ~~Article—Business Occupations and Professions~~

1 ~~Section 1-204~~
2 ~~Annotated Code of Maryland~~
3 ~~(2000 Replacement Volume and 2002 Supplement)~~

4 ~~BY adding to~~
5 ~~Article Business Regulation~~
6 ~~Section 1-210~~
7 ~~Annotated Code of Maryland~~
8 ~~(1998 Replacement Volume and 2002 Supplement)~~

9 ~~BY adding to~~
10 ~~Article Environment~~
11 ~~Section 1-203~~
12 ~~Annotated Code of Maryland~~
13 ~~(1996 Replacement Volume and 2002 Supplement)~~

14 ~~BY repealing and reenacting, with amendments,~~
15 ~~Article Environment~~
16 ~~Section 9-228(g)~~
17 ~~Annotated Code of Maryland~~
18 ~~(1996 Replacement Volume and 2002 Supplement)~~

19 ~~BY repealing and reenacting, with amendments,~~
20 ~~Article Financial Institutions~~
21 ~~Section 1-302 and 1-303~~
22 ~~Annotated Code of Maryland~~
23 ~~(1998 Replacement Volume and 2002 Supplement)~~

24 ~~BY adding to~~
25 ~~Article Health Occupations~~
26 ~~Section 1-213~~
27 ~~Annotated Code of Maryland~~
28 ~~(2000 Replacement Volume and 2002 Supplement)~~

29 ~~BY adding to~~
30 ~~Article Natural Resources~~
31 ~~Section 1-402~~
32 ~~Annotated Code of Maryland~~
33 ~~(2000 Replacement Volume and 2002 Supplement)~~

34 ~~BY repealing and reenacting, with amendments,~~
35 ~~Article Natural Resources~~
36 ~~Section 3-302(b)(3) and 8-716.1(a)~~

- 1 Annotated Code of Maryland
2 (~~2000 Replacement Volume and 2002 Supplement~~)
- 3 ~~BY repealing and reenacting, with amendments,~~
4 ~~Article Public Utility Companies~~
5 ~~Section 7-203(d)~~
6 ~~Annotated Code of Maryland~~
7 (~~1998 Volume and 2002 Supplement~~)
- 8 ~~BY repealing and reenacting, with amendments,~~
9 ~~Article State Finance and Procurement~~
10 ~~Section 3-807(e)~~
11 ~~Annotated Code of Maryland~~
12 (~~2001 Replacement Volume and 2002 Supplement~~)
- 13 ~~BY adding to~~
14 ~~Article Tax General~~
15 ~~Section 1-205, 10-109, 10-306.1, 10-912, 13-803, 13-804, and 13-812~~
16 ~~Annotated Code of Maryland~~
17 (~~1997 Replacement Volume and 2002 Supplement~~)
- 18 ~~BY repealing and reenacting, with amendments,~~
19 ~~Article Tax General~~
20 ~~Section 9-315, 10-402(c), 10-804(e)(3), 10-822, 10-905(e), 10-910(b), 11-501(a),~~
21 ~~11-502(a), 13-104(a), 13-203(c), 13-602(a), 13-702(a), and 13-811~~
22 ~~Annotated Code of Maryland~~
23 (~~1997 Replacement Volume and 2002 Supplement~~)
- 24 ~~BY adding to~~
25 ~~Article Transportation~~
26 ~~Section 1-103~~
27 ~~Annotated Code of Maryland~~
28 (~~2001 Replacement Volume and 2002 Supplement~~)
- 29 ~~BY repealing~~
30 ~~Article Tax General~~
31 ~~Section 11-105~~
32 ~~Annotated Code of Maryland~~
33 (~~1997 Replacement Volume and 2002 Supplement~~)
- 34 ~~BY repealing and reenacting, with amendments,~~
35 ~~Article Transportation~~
36 ~~Section 13-812~~

1 ~~Annotated Code of Maryland~~
2 ~~(2002 Replacement Volume)~~

3 ~~BY repealing~~

4 ~~Article Tax General~~
5 ~~Section 11-105~~

6 ~~Annotated Code of Maryland~~
7 ~~(1997 Replacement Volume and 2002 Supplement)~~
8 ~~(As enacted by Chapter 440, Section 31 of the Acts of the General Assembly of~~
9 ~~2002)~~

10 ~~BY repealing and reenacting, with amendments,~~

11 ~~Article Transportation~~
12 ~~Section 13-812~~

13 ~~Annotated Code of Maryland~~
14 ~~(2002 Replacement Volume)~~
15 ~~(As enacted by Chapter 440, Section 31 of the Acts of the General Assembly of~~
16 ~~2002)~~

17 BY adding to

18 Article - Health - General
19 Section 15-102.7

20 Annotated Code of Maryland
21 (2000 Replacement Volume and 2002 Supplement)

22 BY repealing and reenacting, with amendments,

23 Article - Health - General
24 Section 19-727

25 Annotated Code of Maryland
26 (2000 Replacement Volume and 2002 Supplement)

27 BY repealing and reenacting, with amendments,

28 Article - Insurance

29 Section 6-101, 6-102(b), 6-103, 6-104(a), and 6-107(a)

30 Annotated Code of Maryland
31 (1997 Volume and 2002 Supplement)

32 BY repealing and reenacting, with amendments,

33 Article - Tax - General

34 Section 2-614, 2-615, 10-101(j), 10-102, 10-105(b), 10-402(c), and
35 10-804(e)(3)

36 Annotated Code of Maryland
37 (1997 Replacement Volume and 2002 Supplement)

- 1 BY adding to
2 Article - Tax - General
3 Section 2-613.1, 10-109, and 10-306.1
4 Annotated Code of Maryland
5 (1997 Replacement Volume and 2002 Supplement)
- 6 BY repealing and reenacting, without amendments,
7 Article - Tax - General
8 Section 10-104
9 Annotated Code of Maryland
10 (1997 Replacement Volume and 2002 Supplement)
- 11 BY repealing and reenacting, with amendments,
12 Article - Commercial Law
13 Section 9-525
14 Annotated Code of Maryland
15 (2002 Replacement Volume and 2002 Supplement)
- 16 BY repealing and reenacting, with amendments,
17 Article - Corporations and Associations
18 Section 1-203, 1-406(e), and 8-403
19 Annotated Code of Maryland
20 (1999 Replacement Volume and 2002 Supplement)
- 21 BY repealing and reenacting, with amendments,
22 Article - Tax - Property
23 Section 12-110(d) and 13-209(a)
24 Annotated Code of Maryland
25 (2001 Replacement Volume and 2002 Supplement)
- 26 BY adding to
27 Article - Tax - Property
28 Section 12-116 and 13-103
29 Annotated Code of Maryland
30 (2001 Replacement Volume and 2002 Supplement)
- 31 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
32 MARYLAND, That the Laws of Maryland read as follows:

~~Article 41 – Governor – Executive and Administrative Departments~~

~~18-105.~~

~~(b) (2) The Public Service Commission shall direct the telephone companies to add the 911 fee to all current bills rendered for switched local exchange access service in the State. The telephone companies shall act as collection agents for the 911 Trust Fund with respect to the fee, and shall remit all proceeds to the Comptroller on a monthly basis. [The telephone companies shall be entitled to credit against the proceeds of the 911 fee to be remitted an amount equal to 0.75 percent of the 911 fee to cover the expenses of billing, collecting, and remitting the 911 fee and any additional charges.] The Comptroller shall deposit the funds in the 911 Trust Fund.~~

~~(3) The 911 service carriers shall add the 911 fee to all current bills rendered for wireless telephone service or other 911 accessible service in the State. The 911 service carriers shall act as collection agents for the 911 Trust Fund with respect to the fee and shall remit all proceeds to the Comptroller on a monthly basis. [The 911 service carriers shall be entitled to credit against the proceeds of the 911 fee to be remitted an amount equal to 0.75 percent of the 911 fee to cover the expenses of billing, collecting, and remitting the 911 fee and any additional charges.] The Comptroller shall deposit the funds in the 911 Trust Fund.~~

~~Article – Business Occupations and Professions~~

~~1-204.~~

~~(A) Before any license or permit may be issued [or renewed] under this article, the applicant shall certify to the issuing authority that the applicant has paid all undisputed taxes and unemployment insurance contributions payable to the Comptroller or the Department of Labor, Licensing, and Regulation or has provided for payment in a manner satisfactory to the unit responsible for collection.~~

~~(B) BEFORE ANY LICENSE OR PERMIT MAY BE RENEWED UNDER THIS ARTICLE, THE ISSUING AUTHORITY SHALL VERIFY THROUGH THE OFFICE OF THE COMPTROLLER THAT THE APPLICANT HAS PAID ALL UNDISPUTED TAXES AND UNEMPLOYMENT INSURANCE CONTRIBUTIONS PAYABLE TO THE COMPTROLLER OR THE SECRETARY OF LABOR, LICENSING, AND REGULATION OR THAT THE APPLICANT HAS PROVIDED FOR PAYMENT IN A MANNER SATISFACTORY TO THE UNIT RESPONSIBLE FOR COLLECTION.~~

~~Article – Business Regulation~~

~~1-210.~~

~~(A) A LICENSE OR PERMIT IS CONSIDERED RENEWED FOR PURPOSES OF THIS SECTION IF THE LICENSE OR PERMIT IS ISSUED BY A UNIT OF STATE GOVERNMENT TO A PERSON FOR THE PERIOD IMMEDIATELY FOLLOWING A PERIOD FOR WHICH THE PERSON PREVIOUSLY POSSESSED THE SAME OR A SUBSTANTIALLY SIMILAR LICENSE.~~

1 (ii) Complete and submit, under oath, a return and remit the fees to
 2 the Comptroller of the Treasury on or before the 21st day of the month that follows
 3 the month in which the sale was made, and for other periods and on other dates that
 4 the Comptroller specifies by regulation, including periods for which no fees were due.

5 ~~[(5) A tire dealer who timely files a tire recycling fee return and pays the
 6 tire recycling fees due is allowed, for the expense of administering and paying the fee,
 7 a credit equal to 0.6% of the gross amount of tire recycling fees that the tire dealer is
 8 to pay to the Comptroller.]~~

9 ~~[(6)]~~ (5) If the amount of the tire recycling fee is separately stated in a
 10 retail sale, the tire recycling fee is not subject to any tax under Title 11 of the Tax—
 11 General Article or Title 13 of the Transportation Article.

12 ~~[(7)]~~ (6) At the end of each quarter, the Comptroller shall forward all tire
 13 recycling fees to the Used Tire Cleanup and Recycling Fund, less the costs of
 14 administration.

15 ~~[(8)]~~ (7) Except to the extent they are inconsistent with this subsection,
 16 the provisions of Title 13 of the Tax—General Article applicable to the sales and use
 17 tax shall govern the administration, collection, and enforcement of the tire recycling
 18 fee under this subsection.

19 ~~[(9)]~~ (8) The Comptroller:

20 (i) Shall administer the tire recycling fee; and

21 (ii) May adopt any regulations that are necessary or appropriate to
 22 administer, collect, and enforce the tire recycling fee.

23 **~~Article—Financial Institutions~~**

24 ~~1-302.~~

25 Except as otherwise expressly provided in this subtitle, a fiduciary institution,
 26 its officers, employees, agents, and directors:

27 (1) May not disclose to any person any financial record relating to a
 28 customer of the institution unless:

29 (i) The customer has authorized the disclosure to that person;

30 (ii) Proceedings have been instituted for appointment of a guardian
 31 of the property or of the person of the customer, and court appointed counsel presents
 32 to the fiduciary institution an order of appointment or a certified copy of the order
 33 issued by or under the direction or supervision of the court or an officer of the court;

34 (iii) The customer is disabled and a guardian is appointed or
 35 qualified by a court, and the guardian presents to the fiduciary institution an order of

1 appointment or a certified copy of the order issued by or under the direction of
2 supervision of the court or an officer of the court;

3 (iv) The customer is deceased and a personal representative is
4 appointed or qualified by a court, and the personal representative presents to the
5 fiduciary institution letters of administration issued by or under the direction or
6 supervision of the court or an officer of the court;

7 (v) The Department of Human Resources requests the financial
8 record in the course of verifying the individual's eligibility for public assistance; [or]

9 (vi) The institution received a request, notice, or subpoena for
10 information directly from the Child Support Enforcement Administration of the
11 Department of Human Resources under § 10-108.2, § 10-108.3, or § 10-108.5 of the
12 Family Law Article or indirectly through the Federal Parent Locator Service under 42
13 U.S.C. § 666(a)(17); [and] OR

14 (VII) THE INSTITUTION RECEIVED A REQUEST, NOTICE, OR
15 SUBPOENA FOR INFORMATION DIRECTLY FROM THE COMPTROLLER UNDER § 13-804
16 OR § 13-812 OF THE TAX GENERAL ARTICLE;

17 (2) Shall disclose any information requested in writing by the
18 Department of Human Resources relative to moneys held in a savings deposit, time
19 deposit, demand deposit, or any other deposit held by the fiduciary institution in the
20 name of the individual who is a recipient or applicant for public assistance; AND

21 (3) SHALL DISCLOSE ANY INFORMATION REQUESTED IN WRITING BY
22 THE COMPTROLLER RELATIVE TO MONEYS HELD IN A SAVINGS DEPOSIT, TIME
23 DEPOSIT, DEMAND DEPOSIT, OR ANY OTHER DEPOSIT HELD BY THE FIDUCIARY
24 INSTITUTION, EXCEPT THE BALANCE OF THE DEPOSIT, INSTITUTION IN THE NAME
25 OF AN INDIVIDUAL WHOSE PROPERTY IS SUBJECT TO A TAX LIEN.

26 1-303.

27 This subtitle does not prohibit:

28 (1) The preparation, examination, handling, or maintenance of financial
29 records by any officer, employee, or agent of a fiduciary institution that has custody of
30 the records;

31 (2) The examination of financial records by a certified public accountant
32 while engaged by a fiduciary institution to perform an independent audit;

33 (3) The examination of financial records by, or the disclosure of financial
34 records to, any officer, employee, or agent of a supervisory agency for use only in the
35 exercise of that person's duties as an officer, employee, or agent;

36 (4) The publication of information derived from financial records if the
37 information cannot be identified to any particular customer, deposit, or account;

- 1 (b) (1) This subsection does not apply to:
- 2 (i) any aviation gasoline; or
- 3 (ii) any other motor fuel on which the motor fuel tax has not been
4 paid.
- 5 (2) From the discount under subsection (a) of this section:
- 6 (i) a licensed dealer who sells gasoline to a retail service station
7 dealer shall deduct on the bill 1/2 of the discount;
- 8 (ii) a licensed dealer who sells gasoline to a licensed distributor or
9 licensed special fuel seller shall deduct on the bill 2/3 of the discount;
- 10 (iii) a licensed distributor who sells motor fuel to a retail service
11 station dealer shall deduct on the bill 1/3 of the discount;
- 12 (iv) a licensed special fuel seller who sells special fuel to a retail
13 service station dealer shall deduct on the bill 1/2 of the discount;
- 14 (v) a licensed special fuel seller who sells special fuel to a licensed
15 distributor shall deduct on the bill 2/3 of the discount; and
- 16 (vi) a licensed special fuel seller who sells gasoline to a licensed
17 distributor shall deduct on the bill 1/3 of the discount.]

18 ~~10-822.~~

- 19 (a) (1) Except as provided in paragraphs (2) and (3) of this subsection, each
20 person required under §10-906 of this title to withhold income tax shall complete and
21 file with the Comptroller a quarterly income tax withholding return, on or before the
22 last day of the month that follows the calendar quarter in which that income tax was
23 withheld.
- 24 (2) ~~[(f) SUBJECT TO SUBSECTION (B) OF THIS SECTION, IF the person~~
25 ~~reasonably expects the total amount of income tax required to be withheld in a~~
26 ~~quarterly period to be \$700 or more, instead of a quarterly income tax withholding~~
27 ~~return the person shall complete and file with the Comptroller a monthly income tax~~
28 ~~withholding return:~~
- 29 (i) ~~for the month of January, on or before February 15;~~
- 30 (ii) ~~for the month of February, on or before March 15;~~
- 31 (iii) ~~for the month of March, on or before April [30] 15;~~
- 32 (iv) ~~for the month of April, on or before May 15;~~
- 33 (v) ~~for the month of May, on or before June 15;~~

- 1 (vi) for the month of June, on or before July [31] 15;
- 2 (vii) for the month of July, on or before August 15;
- 3 (viii) for the month of August, on or before September 15;
- 4 (ix) for the month of September, on or before October [31] 15;
- 5 (x) for the month of October, on or before November 15;
- 6 (xi) for the month of November, on or before December 15; and
- 7 (xii) For the month of December, on or before January [31] 15.

8 (3) If the person reasonably expects the total amount of income tax
9 required to be withheld in a calendar year to be less than \$250 instead of a quarterly
10 income tax withholding return the person shall complete and file with the
11 Comptroller an annual income tax withholding return on or before January 31 that
12 follows that calendar year.

13 ~~(B) IF A PERSON WAS REQUIRED TO WITHHOLD \$15,000 OR MORE FOR THE~~
14 ~~PRECEDING CALENDAR YEAR, THE PERSON SHALL COMPLETE AND FILE AN INCOME~~
15 ~~TAX WITHHOLDING RETURN WITH THE COMPTROLLER WITHIN 3 BUSINESS DAYS~~
16 ~~FOLLOWING EACH PAYROLL THAT CAUSES THE TOTAL ACCUMULATED TAX~~
17 ~~WITHHELD TO EQUAL OR EXCEED \$700.~~

18 ~~[(b)]~~ (C) (1) A person required to file a quarterly or monthly income tax
19 withholding return shall continue to file returns, whether or not the person is
20 withholding any income tax, until the person gives the Comptroller written notice
21 that the person no longer has employees or no longer is liable to file the return.

22 ~~(2) A PERSON REQUIRED TO FILE RETURNS UNDER SUBSECTION (B) OF~~
23 ~~THIS SECTION SHALL FILE A RETURN AT LEAST ONCE EVERY 3 MONTHS UNTIL THE~~
24 ~~PERSON GIVES THE COMPTROLLER WRITTEN NOTICE THAT THE PERSON NO LONGER~~
25 ~~HAS EMPLOYEES OR NO LONGER IS LIABLE TO FILE THE RETURN.~~

26 ~~[(c) A person who files a written request to change to a quarterly return filing~~
27 ~~because the person withholds less than \$700 each quarter may be allowed to change~~
28 ~~to a quarterly basis at the beginning of the calendar year after the request.]~~

29 ~~(D) EACH PERSON REQUIRED TO FILE A RETURN UNDER THIS SECTION SHALL~~
30 ~~FILE RETURNS FOR OTHER PERIODS AND ON OTHER DATES AS THE COMPTROLLER~~
31 ~~SPECIFIES BY REGULATION, INCLUDING PERIODS IN WHICH THE PERSON DOES NOT~~
32 ~~PAY WAGES SUBJECT TO WITHHOLDING.~~

33 ~~10-905.~~

34 (e) "Wagering" includes:

35 (1) any lottery, including the State lottery; AND

1 (2) ~~ANY PARI MUTUEL WAGERING, INCLUDING ANY PARI MUTUEL~~
2 ~~WAGERING CONDUCTED UNDER TITLE 11 OF THE BUSINESS REGULATION ARTICLE.~~

3 ~~10-910.~~

4 (b) (1) ~~[An] EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION,~~
5 ~~AN employer shall base withholding for an employee:~~

6 ~~[(1)]~~ (1) ~~on the number of exemptions stated in the exemption certificate~~
7 ~~that the employee files; or~~

8 ~~[(2)]~~ (II) ~~if the employee fails to file an exemption certificate or files an~~
9 ~~invalid certificate under subsection (c) of this section, on 1 exemption.~~

10 (2) ~~IF THE COMPTROLLER NOTIFIES AN EMPLOYER THAT AN EMPLOYEE~~
11 ~~HAS AN UNPAID TAX LIABILITY, THE EMPLOYER SHALL BASE WITHHOLDING FOR THE~~
12 ~~EMPLOYEE ON A NUMBER OF EXEMPTIONS NOT EXCEEDING THE ACTUAL NUMBER~~
13 ~~OF EXEMPTIONS ALLOWED ON THE EMPLOYEE'S PRIOR YEAR'S INCOME TAX RETURN,~~
14 ~~AS SPECIFIED BY THE COMPTROLLER.~~

15 ~~10-912.~~

16 (A) (1) ~~IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS~~
17 ~~INDICATED.~~

18 (2) ~~"NONRESIDENT CORPORATION" MEANS A CORPORATION THAT:~~

19 (1) ~~IS NOT INCORPORATED IN THE STATE; AND~~

20 (II) ~~IS NOT QUALIFIED BY THE DEPARTMENT OF ASSESSMENTS~~
21 ~~AND TAXATION TO DO BUSINESS IN THE STATE.~~

22 (3) ~~"TOTAL PAYMENT" MEANS THE NET PROCEEDS OF A SALE ACTUALLY~~
23 ~~PAID TO A NONRESIDENT OR NONRESIDENT CORPORATION TRANSFEROR INCLUDING~~
24 ~~THE FAIR MARKET VALUE OF ANY PROPERTY TO BE TRANSFERRED TO THE~~
25 ~~TRANSFEROR.~~

26 (B) ~~IN A SALE OR EXCHANGE OF REAL PROPERTY AND ASSOCIATED TANGIBLE~~
27 ~~PERSONAL PROPERTY OWNED BY A NONRESIDENT OR NONRESIDENT CORPORATION,~~
28 ~~THE TRANSFEREE OF THE PROPERTY SHALL DEDUCT AND WITHHOLD FROM THE~~
29 ~~PAYMENT TO THE TRANSFEROR AN AMOUNT EQUAL TO 3% OF THE TOTAL PAYMENT.~~

30 (C) (1) ~~A TRANSFEREE SUBJECT TO THE WITHHOLDING, DEDUCTION, AND~~
31 ~~PAYMENT PROVISIONS OF THIS SECTION IS PERSONALLY LIABLE FOR ALL AMOUNTS~~
32 ~~WITHHELD OR REQUIRED TO BE WITHHELD.~~

33 (2) ~~THE AMOUNT REQUIRED TO BE WITHHELD UNDER THE PROVISIONS~~
34 ~~OF THIS SECTION SHALL, UNTIL REMITTED, CONSTITUTE A LIEN UPON THE~~
35 ~~PROPERTY OF THE TRANSFEREE.~~

1 (D) WITHIN 3 BUSINESS DAYS AFTER THE DATE OF CLOSING ON THE SALE OR
2 EXCHANGE OF THE PROPERTY, THE TRANSFEREE SHALL PAY OVER TO THE
3 COMPTROLLER THE AMOUNT DEDUCTED AND WITHHELD UNDER SUBSECTION (B) OF
4 THIS SECTION, USING FORMS PRESCRIBED BY THE COMPTROLLER.

5 (E) (1) AMOUNTS DEDUCTED AND WITHHELD UNDER SUBSECTION (B) OF
6 THIS SECTION AND PAID OVER TO THE COMPTROLLER UNDER SUBSECTION (D) OF
7 THIS SECTION SHALL BE DEEMED TO HAVE BEEN PAID TO THE COMPTROLLER ON
8 BEHALF OF THE TRANSFEROR FROM WHOM THE AMOUNTS WERE WITHHELD.

9 (2) THE TRANSFEROR SHALL BE CREDITED WITH HAVING PAID THE
10 AMOUNTS FOR THE TAXABLE YEAR IN WHICH THE TRANSACTION THAT IS THE
11 SUBJECT OF THE TAX OCCURRED.

12 (F) THE CLOSING ATTORNEY, LENDING INSTITUTION, AND REAL ESTATE
13 AGENT OR BROKER IN ANY TRANSACTION SUBJECT TO THIS SECTION ARE NOT
14 LIABLE FOR ANY AMOUNTS REQUIRED TO BE DEDUCTED, WITHHELD, AND PAID
15 OVER TO THE COMPTROLLER UNDER THIS SECTION.

16 (G) NOTWITHSTANDING SUBSECTION (C)(2) OF THIS SECTION, A LIEN
17 CREATED UNDER THIS SECTION SHALL CEASE TO BE A LIEN ON OR ENFORCEABLE
18 AGAINST REAL ESTATE 10 YEARS AFTER THE DATE OF THE SALE OF REAL PROPERTY
19 AND ASSOCIATED TANGIBLE PERSONAL PROPERTY THAT GAVE RISE TO THE LIEN.

20 (H) THIS SECTION DOES NOT:

21 (1) IMPOSE ANY TAX ON A TRANSFEROR OR AFFECT ANY LIABILITY OF
22 THE TRANSFEROR FOR ANY TAX; OR

23 (2) PROHIBIT THE COMPTROLLER FROM COLLECTING ANY TAXES DUE
24 FROM A TRANSFEROR IN ANY OTHER MANNER AUTHORIZED BY LAW.

25 (I) THE COMPTROLLER SHALL ADOPT REGULATIONS TO ADMINISTER THIS
26 SECTION.

27 11-501.

28 (a) A buyer who fails to pay the sales and use tax on a purchase or use subject
29 to the tax to the vendor as required in § 11-403 of this title or who is required by
30 regulation to file a return for a purchase or use subject to the tax shall complete,
31 under oath, and file with the Comptroller a sales and use tax return:

32 (1) on or before the [21st] 20TH day of the month that follows the month
33 in which the buyer makes that purchase or use; and

34 (2) for other periods and on other dates that the Comptroller specifies, by
35 regulation, including periods in which the buyer does not make any purchase or use
36 subject to the sales and use tax.

1 ~~11-502.~~

2 (a) Each vendor shall complete, under oath, and file with the Comptroller a
3 sales and use tax return:

4 (1) on or before the ~~[21st]~~ 20TH day of the month that follows the month
5 in which the vendor makes any retail sale or sale for use; and

6 (2) for other periods and on other dates that the Comptroller specifies by
7 regulation, including periods in which the vendor does not make any retail sale or
8 sale for use.

9 ~~13-104.~~

10 (a) (1) Subject to the approval of the Treasurer and subject to the limitation
11 under paragraph (2) of this subsection, the Comptroller or the Department may
12 provide by regulation for the payment of any unpaid tax liability in connection with a
13 tax return, report, or other document required to be filed with the Comptroller or the
14 Department in funds that are immediately available to the State on the date the
15 payment is due.

16 (2) Except as provided in paragraph (3) of this subsection, the
17 Comptroller or the Department may not require payment in funds that are
18 immediately available to the State if the unpaid tax liability in connection with a tax
19 return, report, or other document is less than ~~[\$20,000]~~ \$10,000.

20 (3) (i) The Comptroller may require a person who is an agent of the
21 payor or employer as defined in § 10-905 of this article to make payments in
22 immediately available funds on the date the payment is due by the employer or payor
23 if the total amount of the payments to be made by the agent for any pay period
24 exceeds ~~[\$20,000]~~ \$10,000 in the aggregate.

25 (ii) Any amounts for which an agent has not received timely
26 payment from an employer or payor:

27 1. shall be excluded for purposes of determining whether the
28 total amount of payments to be made by an agent for a pay period exceeds ~~[\$20,000]~~
29 \$10,000 in the aggregate; and

30 2. may not be required to be paid in immediately available
31 funds under this paragraph.

32 (iii) This paragraph does not impose or affect liability for the
33 payment of any tax.

34 ~~13-203.~~

35 (e) Tax information may be disclosed to:

1 (1) an employee or officer of the State who, by reason of that employment
2 or office, has the right to the tax information;

3 (2) another tax collector;

4 (3) the Maryland Tax Court; [and]

5 (4) a legal representative of the State, to review the tax information
6 about a taxpayer:

7 (i) who applies for review under this title;

8 (ii) who appeals from a determination under this title; or

9 (iii) against whom an action to recover tax or a penalty is pending or
10 will be initiated under this title; AND

11 (5) ~~ANY LICENSE ISSUING AUTHORITY OF THE STATE REQUIRED BY~~
12 ~~STATE LAW TO VERIFY THROUGH THE COMPTROLLER THAT AN APPLICANT HAS PAID~~
13 ~~ALL UNDISPUTED TAXES AND UNEMPLOYMENT INSURANCE CONTRIBUTIONS~~
14 ~~PAYABLE TO THE COMPTROLLER OR THE SECRETARY OF LABOR, LICENSING, AND~~
15 ~~REGULATION OR THAT THE APPLICANT HAS PROVIDED FOR PAYMENT IN A MANNER~~
16 ~~SATISFACTORY TO THE UNIT RESPONSIBLE FOR COLLECTION.~~

17 ~~13-602.~~

18 (a) Except as provided in subsections (b) and (c) of this section, a tax collector
19 shall assess interest on unpaid tax from the due date to the date on which the tax is
20 paid if a person who is required to estimate and pay financial institution franchise
21 tax, public service company franchise tax, or income tax under § 8-210(b), § 8-405(b),
22 or § 10-902 of this article:

23 (1) fails to pay an installment when due; or

24 (2) estimates a tax that is:

25 (i) less than 90% of the tax required to be shown on the return for
26 the current taxable year; and

27 (ii) less than 110% OF the tax paid for the prior taxable year,
28 reduced by the credit allowed under § 10-703 of this article.

29 ~~13-702.~~

30 (a) Except as provided in subsections (b) and (c) of this section, a tax collector
31 shall assess a penalty not exceeding 25% of the amount underestimated, if a person
32 who is required to estimate and pay financial institution franchise tax, public service
33 company franchise tax, or income tax under § 8-210(b), § 8-405(b), or § 10-902 of this
34 article:

35 (1) fails to pay an installment when due; or

1 (2) estimates a tax that is:

2 (i) less than 90% of the tax required to be shown on the return for
3 the current taxable year; and

4 (ii) less than 110% OF the tax paid for the prior taxable year,
5 reduced by the credit allowed under § 10-703 of this article.

6 13-803.

7 (A) (1) ~~IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS~~
8 ~~INDICATED.~~

9 (2) ~~"NONRESIDENT CONTRACTOR" MEANS A CONTRACTOR THAT DOES~~
10 ~~NOT MAINTAIN A REGULAR PLACE OF BUSINESS IN THIS STATE.~~

11 (3) (1) ~~"REGULAR PLACE OF BUSINESS" MEANS:~~

12 1. ~~A BONA FIDE OFFICE, OTHER THAN A STATUTORY OFFICE;~~

13 2. ~~A FACTORY;~~

14 3. ~~A WAREHOUSE; OR~~

15 4. ~~ANY OTHER SPACE IN THIS STATE:~~

16 A. ~~AT WHICH A PERSON IS DOING BUSINESS IN ITS OWN~~
17 ~~NAME IN A REGULAR AND SYSTEMATIC MANNER; AND~~

18 B. ~~THAT IS CONTINUOUSLY MAINTAINED, OCCUPIED, AND~~
19 ~~USED BY THE PERSON IN CARRYING ON ITS BUSINESS THROUGH ITS REGULAR~~
20 ~~EMPLOYEES REGULARLY IN ATTENDANCE.~~

21 (H) ~~"REGULAR PLACE OF BUSINESS" DOES NOT INCLUDE A~~
22 ~~TEMPORARY OFFICE AT THE SITE OF CONSTRUCTION.~~

23 (B) (1) ~~ANY PERSON DOING BUSINESS WITH A NONRESIDENT CONTRACTOR~~
24 ~~UNDER A CONTRACT THAT EQUALS OR EXCEEDS \$50,000 OR REASONABLY CAN BE~~
25 ~~EXPECTED TO EQUAL OR EXCEED \$50,000 SHALL WITHHOLD PAYMENT OF 3% OF THE~~
26 ~~CONTRACT PRICE UNTIL 30 DAYS AFTER THE NONRESIDENT CONTRACTOR HAS:~~

27 (I) ~~COMPLETED THE CONTRACT;~~

28 (II) ~~REQUESTED IN WRITING FOR THE COMPTROLLER TO ISSUE A~~
29 ~~TAX CLEARANCE CERTIFICATE; AND~~

30 (III) ~~PROVIDED A RECEIPTED COPY OF THE REQUEST TO THE~~
31 ~~PERSON REQUIRED TO WITHHOLD THE PAYMENT.~~

32 (2) ~~WITHIN 30 DAYS AFTER RECEIPT OF A WRITTEN REQUEST FOR A TAX~~
33 ~~CLEARANCE CERTIFICATE, THE COMPTROLLER SHALL FURNISH TO THE~~

~~1 NONRESIDENT CONTRACTOR AND TO THE PERSON REQUIRED TO WITHHOLD THE
2 PAYMENT:~~

~~3 (I) A CERTIFICATE OF NO TAX DUE FROM THE NONRESIDENT
4 CONTRACTOR; OR~~

~~5 (II) A CERTIFICATE THAT TAXES ARE DUE, INCLUDING THE
6 AMOUNT OF SALES AND USE TAX, INCOME TAX WITHHELD, OR BOTH, DUE FROM THE
7 NONRESIDENT CONTRACTOR INCLUDING ANY INTEREST AND PENALTIES.~~

~~8 (C) (I) IF THE COMPTROLLER FURNISHES A CERTIFICATE OF NO TAX DUE
9 FROM THE NONRESIDENT CONTRACTOR OR IF THE COMPTROLLER FAILS TO
10 PROVIDE WITHIN 30 DAYS AFTER RECEIPT OF A WRITTEN REQUEST FOR A TAX
11 CLEARANCE CERTIFICATE, TO BOTH THE NONRESIDENT CONTRACTOR AND THE
12 PERSON REQUIRED TO WITHHOLD THE PAYMENT, A CERTIFICATE UNDER
13 SUBSECTION (B)(2)(I) OR (II) OF THIS SECTION, THE PERSON REQUIRED TO WITHHOLD
14 THE PAYMENT MAY PAY THE NONRESIDENT CONTRACTOR THE AMOUNT WITHHELD
15 UNDER THE TERMS OF THE CONTRACT FREE FROM ANY CLAIMS OF THE
16 COMPTROLLER AGAINST THE PERSON REQUIRED TO WITHHOLD THE PAYMENT.~~

~~17 (2) IF THE COMPTROLLER FURNISHES A CERTIFICATE THAT TAXES ARE
18 DUE FROM THE NONRESIDENT CONTRACTOR, THE PERSON REQUIRED TO WITHHOLD
19 THE PAYMENT:~~

~~20 (I) SHALL PAY OVER TO THE COMPTROLLER THE AMOUNT DUE AS
21 STATED IN THE CERTIFICATE UP TO 3% OF THE CONTRACT PRICE, TAKING A RECEIPT
22 FOR THE AMOUNT; AND~~

~~23 (II) MAY PAY TO THE NONRESIDENT CONTRACTOR THE EXCESS OF
24 THE AMOUNT WITHHELD OVER THE AMOUNT DUE AS STATED IN THE CERTIFICATE.~~

~~25 (3) ON PAYING OVER AMOUNTS WITHHELD TO THE COMPTROLLER AS
26 REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION, THE PERSON REQUIRED TO
27 WITHHOLD THE PAYMENT IS FREE FROM:~~

~~28 (I) ANY CLAIM OF THE NONRESIDENT CONTRACTOR FOR THAT
29 AMOUNT; AND~~

~~30 (II) ANY CLAIM OF THE COMPTROLLER FOR TAXES DUE FROM THE
31 NONRESIDENT CONTRACTOR.~~

~~32 (D) (1) A PERSON THAT FAILS TO WITHHOLD OR TO PAY OVER THE
33 AMOUNTS WITHHELD AS REQUIRED IN THIS SECTION SHALL BE PERSONALLY
34 LIABLE FOR THE PAYMENT OF ANY SALES AND USE TAX OR INCOME TAX WITHHELD
35 ATTRIBUTABLE TO THE CONTRACT UP TO 3% OF THE CONTRACT PRICE.~~

~~36 (2) THE AMOUNTS UNDER PARAGRAPH (1) OF THIS SUBSECTION SHALL
37 BE RECOVERABLE BY THE COMPTROLLER BY APPROPRIATE LEGAL PROCEEDINGS,
38 WHICH MAY INCLUDE THE ISSUANCE OF AN ASSESSMENT UNDER THIS ARTICLE.~~

1 ~~(E) (1) A NONRESIDENT CONTRACTOR'S LIABILITY FOR ANY SALES AND USE~~
2 ~~TAX OR INCOME TAX WITHHELD ATTRIBUTABLE TO A CONTRACT THAT IS SUBJECT~~
3 ~~TO THIS SECTION IS NOT AFFECTED BY:~~

4 ~~(I) THE COMPTROLLER'S FAILURE TO PROVIDE A CERTIFICATE~~
5 ~~UNDER SUBSECTION (B)(2)(I) OR (II) OF THIS SECTION WITHIN 30 DAYS AFTER~~
6 ~~RECEIPT OF A WRITTEN REQUEST FOR A TAX CLEARANCE CERTIFICATE; OR~~

7 ~~(II) THE ISSUANCE OF AN ERRONEOUS CERTIFICATE BY THE~~
8 ~~COMPTROLLER UNDER THIS SECTION.~~

9 ~~(2) THE RELEASE OF PAYMENT WITHHELD UNDER THIS SECTION TO A~~
10 ~~NONRESIDENT CONTRACTOR OR THE PAYMENT OVER OF AMOUNTS WITHHELD TO~~
11 ~~THE COMPTROLLER BY A PERSON REQUIRED TO WITHHOLD PAYMENT UNDER THIS~~
12 ~~SECTION DOES NOT AFFECT A NONRESIDENT CONTRACTOR'S LIABILITY FOR ANY~~
13 ~~SALES AND USE TAX OR INCOME TAX WITHHELD IN EXCESS OF THE AMOUNT PAID~~
14 ~~OVER TO THE COMPTROLLER.~~

15 ~~(3) THIS SECTION MAY NOT BE CONSTRUED TO PROHIBIT THE~~
16 ~~COMPTROLLER FROM COLLECTING TAXES DUE FROM A NONRESIDENT CONTRACTOR~~
17 ~~IN ANY OTHER MANNER AUTHORIZED BY LAW.~~

18 13-804.

19 ~~(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS~~
20 ~~INDICATED:~~

21 ~~(2) "ACCOUNT", "ACCOUNT HOLDER OF INTEREST", AND "FINANCIAL~~
22 ~~INSTITUTION" HAVE THE MEANINGS STATED IN § 10-108.2 OF THE FAMILY LAW~~
23 ~~ARTICLE.~~

24 ~~(2) (I) "ACCOUNT" MEANS:~~

25 ~~1: ANY FUNDS FROM A DEMAND DEPOSIT ACCOUNT,~~
26 ~~CHECKING ACCOUNT, NEGOTIABLE ORDER OF WITHDRAWAL ACCOUNT, SAVINGS~~
27 ~~ACCOUNT, TIME DEPOSIT ACCOUNT, MONEY MARKET MUTUAL FUND ACCOUNT, OR~~
28 ~~CERTIFICATE OF DEPOSIT ACCOUNT;~~

29 ~~2: ANY FUNDS PAID TOWARDS THE PURCHASE OF SHARES~~
30 ~~OR OTHER INTEREST IN A FINANCIAL INSTITUTION, AS DEFINED IN PARAGRAPH~~
31 ~~(4)(II) AND (III) OF THIS SUBSECTION; AND~~

32 ~~3: ANY FUNDS OR PROPERTY HELD BY A FINANCIAL~~
33 ~~INSTITUTION, AS DEFINED IN PARAGRAPH (4)(IV) OF THIS SUBSECTION.~~

34 ~~(II) "ACCOUNT" DOES NOT INCLUDE:~~

35 ~~1: AN ACCOUNT OR PORTION OF AN ACCOUNT TO WHICH AN~~
36 ~~OBLIGOR DOES NOT HAVE ACCESS DUE TO THE PLEDGE OF THE FUNDS AS SECURITY~~
37 ~~FOR A LOAN OR OTHER OBLIGATION;~~

1 ~~2: FUNDS OR PROPERTY DEPOSITED TO AN ACCOUNT AFTER~~
 2 ~~THE TIME THAT THE FINANCIAL INSTITUTION INITIALLY ATTACHES THE ACCOUNT;~~

3 ~~3: AN ACCOUNT OR PORTION OF AN ACCOUNT TO WHICH~~
 4 ~~THE FINANCIAL INSTITUTION HAS A PRESENT RIGHT TO EXERCISE A RIGHT OF~~
 5 ~~SETOFF;~~

6 ~~4: AN ACCOUNT OR PORTION OF AN ACCOUNT THAT HAS AN~~
 7 ~~ACCOUNT HOLDER OF INTEREST NAMED AS AN OWNER ON THE ACCOUNT; OR~~

8 ~~5: AN ACCOUNT OR PORTION OF AN ACCOUNT TO WHICH~~
 9 ~~THE OBLIGOR DOES NOT HAVE AN UNCONDITIONAL RIGHT OF ACCESS.~~

10 (3) ~~"ACCOUNT HOLDER OF INTEREST" MEANS ANY PERSON, OTHER~~
 11 ~~THAN THE OBLIGOR, WHO ASSERTS AN OWNERSHIP INTEREST IN AN ACCOUNT.~~

12 (4) ~~"FINANCIAL INSTITUTION" MEANS:~~

13 (I) ~~A DEPOSITORY INSTITUTION, AS DEFINED IN THE FEDERAL~~
 14 ~~DEPOSIT INSURANCE ACT AT 12 U.S.C. § 1813(C);~~

15 (II) ~~A FEDERAL CREDIT UNION OR STATE CREDIT UNION, AS~~
 16 ~~DEFINED IN THE FEDERAL CREDIT UNION ACT AT 12 U.S.C. § 1752;~~

17 (III) ~~A STATE CREDIT UNION REGULATED UNDER TITLE 6 OF THE~~
 18 ~~FINANCIAL INSTITUTIONS ARTICLE; OR~~

19 (IV) ~~A BENEFIT ASSOCIATION, INSURANCE COMPANY, SAFE~~
 20 ~~DEPOSIT COMPANY, MONEY MARKET MUTUAL FUND, OR SIMILAR ENTITY DOING~~
 21 ~~BUSINESS IN THE STATE THAT HOLDS PROPERTY OR MAINTAINS ACCOUNTS~~
 22 ~~REFLECTING PROPERTY BELONGING TO OTHERS.~~

23 (5) ~~"OBLIGOR" MEANS A PERSON WHOSE PROPERTY IS SUBJECT TO~~
 24 ~~A TAX LIEN.~~

25 (B) ~~THE COMPTROLLER MAY REQUEST FROM A FINANCIAL INSTITUTION~~
 26 ~~INFORMATION AND ASSISTANCE TO ENABLE THE COMPTROLLER TO ENFORCE THE~~
 27 ~~TAX LAWS OF THE STATE.~~

28 (C) (1) ~~THE COMPTROLLER MAY REQUEST NOT MORE THAN FOUR TIMES A~~
 29 ~~YEAR FROM A FINANCIAL INSTITUTION THE INFORMATION SET FORTH IN~~
 30 ~~SUBSECTION (D)(2) OF THIS SECTION CONCERNING ANY OBLIGOR WHO IS~~
 31 ~~DELINQUENT IN THE PAYMENT OF TAXES.~~

32 (2) ~~A REQUEST FOR INFORMATION BY THE COMPTROLLER UNDER~~
 33 ~~PARAGRAPH (1) OF THIS SUBSECTION SHALL:~~

34 (I) ~~CONTAIN:~~

35 1. ~~THE FULL NAME OF THE OBLIGOR AND ANY OTHER~~
 36 ~~NAMES KNOWN TO BE USED BY THE OBLIGOR; AND~~

1 (2) OTHER ACTION TAKEN IN GOOD FAITH TO COMPLY WITH THE
2 REQUIREMENTS OF THIS SECTION.

3 (F) (1) A FINANCIAL INSTITUTION THAT RECEIVES A REQUEST FOR
4 INFORMATION UNDER SUBSECTION (C) OF THIS SECTION:

5 (I) MAY NOT DISCLOSE ANY INFORMATION CONTAINED IN THE
6 REQUEST EXCEPT TO AN AUTHORIZED EMPLOYEE OF THE FINANCIAL INSTITUTION
7 ENGAGED IN COMPLYING WITH THE REPORTING REQUIREMENTS OF THIS SECTION;
8 AND

9 (II) SHALL ALLOW ITS AUTHORIZED EMPLOYEES TO USE THAT
10 INFORMATION ONLY AS REQUIRED IN PERFORMING THEIR DUTIES FOR THE
11 COMPTROLLER AND MAY NOT OTHERWISE COPY, REPRODUCE, RETAIN, OR STORE
12 ANY INFORMATION EXCEPT AS INSTRUCTED BY THE COMPTROLLER.

13 (2) ANY INFORMATION ACQUIRED BY THE FINANCIAL INSTITUTION
14 FROM THE COMPTROLLER REMAINS THE PROPERTY OF THE COMPTROLLER AND
15 MUST BE RETURNED TO THE COMPTROLLER ALONG WITH THE REPORT REQUIRED
16 UNDER SUBSECTION (D) OF THIS SECTION.

17 (3) A FINANCIAL INSTITUTION FURNISHING A REPORT TO THE
18 COMPTROLLER UNDER THIS SECTION IS PROHIBITED FROM DISCLOSING TO AN
19 OBLIGOR THAT THE NAME OF THAT OBLIGOR HAS BEEN RECEIVED FROM OR
20 FURNISHED TO THE COMPTROLLER.

21 43-8H.

22 (a) (1) In this section[, "paymaster":

23 (1) means] THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

24 (2) "PAYMASTER":

25 (I) MEANS an employer's officer, representative, agent, or employee
26 charged with the duty of paying salary, wages, or other compensation for personal
27 services to an employee named in a notice of lien; and

28 {(2)} (II) if the person named in a notice of lien is employed by the federal
29 government or its instrumentality with an office in the State where employee records
30 are kept, whether or not payroll records are kept or the payroll is prepared at that
31 office, includes the employee who:

32 {(i)} 1. is designated to keep and maintain employee records in
33 that office; and

34 {(ii)} 2. is or may be designated to receive and distribute pay
35 checks to the employees.

1 (3) "~~TAX WAGE LIEN~~" MEANS THE LIEN ON WAGES DESCRIBED IN THIS
2 SECTION.

3 ~~(B) A TAX LIEN FOR ANY TAX ADMINISTERED BY THE COMPTROLLER UNDER~~
4 ~~THIS ARTICLE EXTENDS TO AND COVERS ALL SALARY, WAGES, OR OTHER~~
5 ~~COMPENSATION FOR PERSONAL SERVICES THAT IS DUE OR BECOMES PAYABLE ON~~
6 ~~OR AFTER THE TIME THE LIEN ARISES.~~

7 ~~[(b)] (C) The Comptroller promptly shall give notice of [an income] A tax~~
8 ~~wage lien that states the lien amount, THE TYPE OF TAX, and the name of the person~~
9 ~~against whom the lien is taken by:~~

10 (1) certified mail, return receipt requested, under the postmark of the
11 United States Postal Service, to the employer; or

12 (2) personal service on the employer.

13 ~~[(e)] (D) (1) If an employer knows or has reason to know of the import of the~~
14 ~~contents of the certified mail and refuses to accept its delivery, service as required~~
15 ~~under subsection [(b)(1)] (C)(1) of this section is made when delivery is refused.~~

16 (2) Service as required under subsection [(b)(2)] (C)(2) of this section is
17 made when personal service is made on an officer or paymaster of the employer.

18 ~~[(d)] (E) (1) From salary, wages, or other compensation for personal services~~
19 ~~that is due or becomes payable on or after the date on which a notice of wage lien is~~
20 ~~served to the date on which a notice of satisfaction or release of the wage lien is~~
21 ~~received, an employer or paymaster promptly shall pay to the Comptroller any salary,~~
22 ~~wages, or other compensation due to the delinquent taxpayer, excluding only those~~
23 ~~amounts specified in paragraph (2) of this subsection.~~

24 (2) The amount excluded under paragraph (1) of this subsection from
25 amounts paid to the delinquent taxpayer is the amount exempt from attachment
26 provided in § 15-601.1 of the Commercial Law Article.

27 ~~[(e)] (F) The Comptroller promptly shall give a notice of satisfaction or release~~
28 ~~of [an income] A tax wage lien to each employer or paymaster who received notice of~~
29 ~~the wage lien.~~

30 ~~[(f)] (G) If, after service of a notice of [income] A tax wage lien, an employer~~
31 ~~or paymaster pays an employee salary, wages, or other compensation for personal~~
32 ~~services in excess of the amount allowed in subsection [(d)(2)] (E)(2) of this section,~~
33 ~~the employer or paymaster or both shall be personally liable for the excess amount~~
34 ~~paid to the employee. However, the total amount that the Comptroller recovers may~~
35 ~~not exceed the total amount paid to the employee in violation of this section.~~

36 13-812.

37 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
38 INDICATED.

1 (2) "ACCOUNT", "ACCOUNT HOLDER OF INTEREST", AND "FINANCIAL
2 INSTITUTION" HAVE THE MEANINGS STATED IN § 10-108.2 OF THE FAMILY LAW
3 ARTICLE § 13-804 OF THIS SUBTITLE.

4 (3) "OBLIGOR" MEANS A PERSON WHOSE PROPERTY IS SUBJECT TO A
5 TAX LIEN.

6 ~~(B) (1) (1) THE COMPTROLLER PROMPTLY SHALL GIVE MAY SEND NOTICE~~
7 ~~OF A TAX LIEN TO ANY FINANCIAL INSTITUTION THAT THE COMPTROLLER~~
8 ~~REASONABLY BELIEVES HOLDS PROPERTY SUBJECT TO A TAX LIEN.~~

9 (II) THE NOTICE TO BE SENT UNDER THIS PARAGRAPH SHALL BE
10 PROVIDED BY:

11 1. CERTIFIED MAIL, RETURN RECEIPT REQUESTED
12 ~~FIRST CLASS MAIL, UNDER THE POSTMARK OF THE UNITED STATES POSTAL~~
13 ~~SERVICE; SERVICE, AT THE ADDRESS DESIGNATED FOR THIS PURPOSE BY THE~~
14 ~~FINANCIAL INSTITUTION OR, IF NO ADDRESS HAS BEEN DESIGNATED, TO THE~~
15 ~~PRINCIPAL OFFICE OF THE FINANCIAL INSTITUTION;~~

16 2. AN ELECTRONIC FORMAT AGREED UPON BY THE
17 COMPTROLLER AND THE FINANCIAL INSTITUTION; OR

18 3. OTHER REASONABLE MANNER AS DETERMINED BY THE
19 COMPTROLLER AGREED UPON BY THE COMPTROLLER AND THE FINANCIAL
20 INSTITUTION;

21 (2) THE NOTICE TO BE SENT BY THE COMPTROLLER TO A FINANCIAL
22 INSTITUTION UNDER PARAGRAPH (1) OF THIS SUBSECTION SHALL CONTAIN:

23 (I) THE NAME OF THE OBLIGOR;

24 (II) THE AMOUNT OF THE TAX LIEN;

25 (III) THE LAST KNOWN ADDRESS OF THE OBLIGOR;

26 (IV) THE SOCIAL SECURITY NUMBER OR FEDERAL EMPLOYER
27 IDENTIFICATION NUMBER OF THE OBLIGOR; AND

28 (V) A NOTICE TO IMMEDIATELY SEIZE AND ATTACH ALL FROM ONE
29 OR MORE ACCOUNTS HELD BY THE FINANCIAL INSTITUTION IN THE NAME OF THE
30 OBLIGOR AN AGGREGATE AMOUNT EQUAL TO THE LESSER OF THE AMOUNTS IN ALL
31 ACCOUNTS OR THE AMOUNT OF THE TAX LIEN.

32 ~~(C) (1) ON RECEIPT OF THE NOTICE DESCRIBED IN SUBSECTION (B) OF THIS~~
33 ~~SECTION, THE FINANCIAL INSTITUTION PROMPTLY SHALL SEIZE AND ATTACH FROM~~
34 ~~ONE OR MORE OF THE ACCOUNTS OF THE OBLIGOR HELD BY THE FINANCIAL~~
35 ~~INSTITUTION AN AGGREGATE AMOUNT EQUAL TO THE LESSER OF:~~

1 (4) THE TOTAL OF THE AMOUNTS IN ALL THE ACCOUNTS OF THE
2 OBLIGOR HELD BY THE FINANCIAL INSTITUTION; OR

3 (II) THE AMOUNT STATED IN THE NOTICE SENT UNDER
4 SUBSECTION (B) OF THIS SECTION.

5 (2) WITHIN 30 DAYS AFTER, BUT NOT EARLIER THAN 21 DAYS
6 AFTER, THE FINANCIAL INSTITUTION RECEIVES THE NOTICE DESCRIBED IN
7 SUBSECTION (B) OF THIS SECTION, THE FINANCIAL INSTITUTION SHALL PAY TO THE
8 COMPTROLLER THE LESSER OF:

9 (4) THE TOTAL OF THE AMOUNTS IN ALL OF THE ACCOUNTS OF
10 THE OBLIGOR HELD BY THE FINANCIAL INSTITUTION; OR

11 (II) THE AMOUNT STATED IN THE NOTICE SENT UNDER
12 SUBSECTION (B) OF THIS SECTION.

13 (2) WITHIN 30 DAYS AFTER THE FINANCIAL INSTITUTION RECEIVES THE
14 NOTICE DIRECTING IT TO SEIZE AND ATTACH ACCOUNTS OF THE OBLIGOR, THE
15 FINANCIAL INSTITUTION SHALL SEND NOTICE TO THE COMPTROLLER, IN THE
16 MANNER SPECIFIED IN SUBSECTION (B) OF THIS SECTION, SPECIFYING THE
17 AGGREGATE AMOUNT HELD UNDER THIS SUBSECTION.

18 (3) (4) THE FINANCIAL INSTITUTION MAY ASSESS A FEE AGAINST THE
19 ACCOUNTS OR THE OBLIGOR, IN ADDITION TO THE AMOUNT IDENTIFIED IN THE
20 NOTICE UNDER SUBSECTION (B) OF THIS SECTION.

21 (II) IN THE CASE OF INSUFFICIENT FUNDS TO COVER BOTH THE
22 FEE AND THE AMOUNT IDENTIFIED IN THE NOTICE UNDER SUBSECTION (B) OF THIS
23 SECTION, THE FINANCIAL INSTITUTION MAY FIRST DEDUCT AND RETAIN THE FEE
24 FROM THE AMOUNT SEIZED AND ATTACHED AS PROVIDED IN THIS SECTION.

25 (4) THE FINANCIAL INSTITUTION MAY NOT BE HELD LIABLE TO ANY
26 PERSON, INCLUDING THE COMPTROLLER, THE OBLIGOR, OR ANY ACCOUNT HOLDER
27 OF INTEREST, FOR WRONGFUL DISHONOR OR FOR ANY OTHER CLAIM RELATING TO
28 THE SEIZURE AND ATTACHMENT OF AN ACCOUNT OR OTHER ACTIONS TAKEN IN
29 COMPLIANCE WITH THIS SECTION.

30 (D) (1) WITHIN 10 BUSINESS DAYS AFTER THE COMPTROLLER HAS
31 RECEIVED NOTICE FROM THE FINANCIAL INSTITUTION UNDER SUBSECTION (C)(2) OF
32 THIS SECTION, THE COMPTROLLER SHALL SEND A NOTICE TO THE OBLIGOR, BY
33 REGULAR MAIL, TO THE OBLIGOR'S LAST KNOWN ADDRESS.

34 (2) THE NOTICE SHALL CONTAIN THE FOLLOWING INFORMATION, TO
35 THE EXTENT KNOWN BY THE COMPTROLLER:

36 (1) THE ADDRESS OF THE COMPTROLLER;

37 (II) THE TELEPHONE NUMBER, ADDRESS, AND NAME OF A
38 CONTACT PERSON AT THE COMPTROLLER;

1 ~~(III) THE NAME AND SOCIAL SECURITY NUMBER, FEDERAL~~
2 ~~EMPLOYER IDENTIFICATION NUMBER, OR OTHER TAXPAYER IDENTIFICATION~~
3 ~~NUMBER OF THE OBLIGOR;~~

4 ~~(IV) THE ADDRESS OF THE OBLIGOR;~~

5 ~~(V) FOR EACH ACCOUNT OF THE OBLIGOR, THE NAME OF THE~~
6 ~~FINANCIAL INSTITUTION THAT HAS SEIZED AND ATTACHED AMOUNTS AS REQUIRED~~
7 ~~BY THIS SECTION;~~

8 ~~(VI) THE TOTAL AMOUNT OF THE TAX LIEN OWED BY THE OBLIGOR;~~

9 ~~(VII) THE DATE THE NOTICE IS BEING SENT;~~

10 ~~(VIII) A STATEMENT INFORMING THE OBLIGOR THAT THE~~
11 ~~COMPTROLLER HAS DIRECTED THE FINANCIAL INSTITUTION TO SEIZE AND ATTACH~~
12 ~~THE AMOUNT OF THE TAX LIEN OWED BY THE OBLIGOR FROM ONE OR MORE OF THE~~
13 ~~ACCOUNTS OF THE OBLIGOR AND, UPON SUBSEQUENT NOTICE BY THE~~
14 ~~COMPTROLLER, TO FORWARD THE AMOUNT TO THE COMPTROLLER; AND~~

15 ~~(IX) A STATEMENT INFORMING THE OBLIGOR THAT, UNLESS A~~
16 ~~TIMELY CHALLENGE IS MADE BY THE OBLIGOR OR AN ACCOUNT HOLDER OF~~
17 ~~INTEREST UNDER SUBSECTION (G) OF THIS SECTION, THE COMPTROLLER SHALL~~
18 ~~NOTIFY THE FINANCIAL INSTITUTION TO FORWARD THE AMOUNT SEIZED AND~~
19 ~~ATTACHED BY THE FINANCIAL INSTITUTION TO THE COMPTROLLER;~~

20 ~~(3) THE COMPTROLLER SHALL NOT BE OBLIGATED TO SEND THE~~
21 ~~NOTICE DESCRIBED IN PARAGRAPHS (1) AND (2) OF THIS SUBSECTION IF, PRIOR TO~~
22 ~~THE TIME THAT THE NOTICE MUST BE SENT, THE COMPTROLLER AND THE OBLIGOR~~
23 ~~AGREE TO AN ARRANGEMENT UNDER WHICH THE OBLIGOR WILL PAY AMOUNTS~~
24 ~~OWED UNDER THE TAX LIEN.~~

25 ~~(E) (1) IF A TIMELY CHALLENGE IS NOT MADE BY THE OBLIGOR OR AN~~
26 ~~ACCOUNT HOLDER OF INTEREST UNDER SUBSECTION (G) OF THIS SECTION, THE~~
27 ~~COMPTROLLER SHALL SEND A NOTICE TO THE FINANCIAL INSTITUTION, IN THE~~
28 ~~MANNER SPECIFIED IN SUBSECTION (B) OF THIS SECTION, DIRECTING THE~~
29 ~~INSTITUTION TO:~~

30 ~~(I) FORWARD THE AMOUNT SEIZED AND ATTACHED BY THE~~
31 ~~FINANCIAL INSTITUTION TO THE COMPTROLLER;~~

32 ~~(II) REDUCE THE AMOUNT SEIZED AND ATTACHED BY THE~~
33 ~~FINANCIAL INSTITUTION TO A REVISED AMOUNT AS STATED, FORWARD THE~~
34 ~~REVISED AMOUNT TO THE COMPTROLLER, AND RELEASE THE EXCESS AMOUNT; OR~~

35 ~~(III) RELEASE THE AMOUNT SEIZED AND ATTACHED BY THE~~
36 ~~FINANCIAL INSTITUTION.~~

37 ~~(2) THE COMPTROLLER MAY SEND THE NOTICE DESCRIBED IN~~
38 ~~PARAGRAPH (1) OF THIS SUBSECTION BEFORE THE TIME FOR FILING A TIMELY~~

~~1 CHALLENGE UNDER SUBSECTION (G) OF THIS SECTION UPON AGREEMENT AMONG
2 THE COMPTROLLER, THE OBLIGOR, AND, IF THE COMPTROLLER IS AWARE OF AN
3 ACCOUNT HOLDER OF INTEREST, THE ACCOUNT HOLDER OF INTEREST.~~

~~4 (F) THE COMPTROLLER SHALL APPLY THE AMOUNT SEIZED AND FORWARDED
5 BY THE FINANCIAL INSTITUTION TO THE OBLIGOR'S TAX LIEN OBLIGATION.~~

~~6 (G) (1) AN OBLIGOR OR AN ACCOUNT HOLDER OF INTEREST MAY
7 CHALLENGE THE ACTIONS OF THE COMPTROLLER UNDER THIS SECTION BY FILING
8 A MOTION WITH THE CIRCUIT COURT WITHIN 10 DAYS OF THE DATE OF THE NOTICE
9 SENT UNDER PARAGRAPH (D)(1) OF THIS SECTION.~~

~~10 (2) AN OBLIGOR OR AN ACCOUNT HOLDER OF INTEREST MAY
11 CHALLENGE THE ACTIONS OF THE COMPTROLLER BASED ON:~~

~~12 (I) A MISTAKE IN THE IDENTITY OF THE OBLIGOR;~~

~~13 (II) A MISTAKE IN THE OWNERSHIP OF THE ACCOUNT;~~

~~14 (III) A MISTAKE IN THE CONTENTS OF THE ACCOUNT;~~

~~15 (IV) INVALIDITY OF THE COMPTROLLER'S ACTIONS UNDER § 11-603
16 OF THE COURTS AND JUDICIAL PROCEEDINGS ARTICLE;~~

~~17 (V) A MISTAKE IN THE AMOUNT OF THE LIEN OBLIGATION DUE; OR~~

~~18 (VI) ANY OTHER GOOD CAUSE.~~

~~19 (3) AN OBLIGOR OR AN ACCOUNT HOLDER OF INTEREST MAY NOT
20 CHALLENGE THE ACTIONS OF THE COMPTROLLER BASED ON A MISTAKE OR ERROR
21 IN THE ORIGINAL TAX ASSESSMENT UNDERLYING THE TAX LIEN AGAINST THE
22 OBLIGOR.~~

~~23 (H) (1) THE COMPTROLLER MAY WITHDRAW THE NOTICE TO SEIZE AND
24 ATTACH ACCOUNTS BY SENDING NOTICE TO THE FINANCIAL INSTITUTION, IN THE
25 MANNER SPECIFIED IN SUBSECTION (B) OF THIS SECTION, DIRECTING THE
26 FINANCIAL INSTITUTION TO RELEASE THE ATTACHMENT ON THE ACCOUNTS.~~

~~27 (2) IF A DETERMINATION IS MADE BY THE COMPTROLLER OR BY THE
28 CIRCUIT COURT THAT THE ACCOUNT OR ACCOUNTS OF THE OBLIGOR SHOULD NOT
29 HAVE BEEN HELD, THE COMPTROLLER SHALL NOTIFY THE FINANCIAL INSTITUTION,
30 IN THE MANNER SPECIFIED IN SUBSECTION (B) OF THIS SECTION, TO RELEASE THE
31 AMOUNT SEIZED AND ATTACHED BY THE FINANCIAL INSTITUTION.~~

~~32 (3) IF A DETERMINATION IS MADE BY THE COMPTROLLER OR BY THE
33 CIRCUIT COURT, PURSUANT TO A CHALLENGE UNDER SUBSECTION (G) OF THIS
34 SECTION, TO REDUCE THE AMOUNT SEIZED AND ATTACHED BY THE FINANCIAL
35 INSTITUTION, THE COMPTROLLER SHALL NOTIFY THE FINANCIAL INSTITUTION, IN
36 THE MANNER SPECIFIED IN SUBSECTION (B) OF THIS SECTION, TO REVISE THE
37 AMOUNT AS STATED, FORWARD THE REVISED AMOUNT TO THE COMPTROLLER, AND~~

1 ~~RELEASE THE EXCESS AMOUNT SEIZED AND ATTACHED BY THE FINANCIAL~~
2 ~~INSTITUTION.~~

3 ~~(4) IF A CHALLENGE MADE UNDER SUBSECTION (G) OF THIS SECTION IS~~
4 ~~DENIED BY THE CIRCUIT COURT, THE COMPTROLLER SHALL NOTIFY THE FINANCIAL~~
5 ~~INSTITUTION, IN THE MANNER SPECIFIED IN SUBSECTION (B) OF THIS SECTION, TO~~
6 ~~FORWARD THE AMOUNT SEIZED AND ATTACHED BY THE FINANCIAL INSTITUTION TO~~
7 ~~THE COMPTROLLER.~~

8 ~~(D) (I) A FINANCIAL INSTITUTION THAT COMPLIES WITH A NOTICE FROM~~
9 ~~THE COMPTROLLER SENT UNDER THIS SECTION IS NOT LIABLE UNDER STATE LAW~~
10 ~~TO ANY PERSON FOR:~~

11 ~~(1) ANY DISCLOSURE OF INFORMATION TO THE COMPTROLLER UNDER~~
12 ~~THIS SECTION;~~

13 ~~(2) SEIZING AND ATTACHING ANY AMOUNTS FROM AN ACCOUNT OR~~
14 ~~SENDING ANY AMOUNT SEIZED AND ATTACHED BY THE FINANCIAL INSTITUTION TO~~
15 ~~THE COMPTROLLER; OR~~

16 ~~(3) ANY OTHER ACTION TAKEN IN GOOD FAITH TO COMPLY WITH THE~~
17 ~~REQUIREMENTS OF THIS SECTION.~~

18 ~~(J) A FINANCIAL INSTITUTION HAS NO OBLIGATION TO REIMBURSE FEES~~
19 ~~ASSESSED AS A RESULT OF THE COMPTROLLER INSTITUTING AN ACTION UNDER~~
20 ~~THIS SECTION OR AS OTHERWISE PERMITTED BY LAW OR AUTHORIZED BY~~
21 ~~CONTRACT.~~

22 ~~(E) (1) AFTER SERVICE OF NOTICE DESCRIBED UNDER SUBSECTION (B) OF~~
23 ~~THIS SECTION, A FINANCIAL INSTITUTION SHALL BE LIABLE TO THE COMPTROLLER~~
24 ~~FOR THE LESSER OF THE AMOUNT PAID OVER TO THE OBLIGOR OR THE AMOUNT~~
25 ~~STATED IN THE NOTICE SENT UNDER SUBSECTION (B) OF THIS SECTION IF THE~~
26 ~~FINANCIAL INSTITUTION PAYS OVER ANY AMOUNTS IN AN ACCOUNT TO AN OBLIGOR~~
27 ~~WITHOUT FIRST:~~

28 ~~(I) PAYING OVER TO THE COMPTROLLER THE AMOUNT SPECIFIED~~
29 ~~IN SUBSECTION (C) OF THIS SECTION; OR~~

30 ~~(II) OBTAINING A WRITTEN NOTICE OF SATISFACTION OR RELEASE~~
31 ~~OF LIEN FROM THE COMPTROLLER.~~

32 ~~(2) THE TOTAL AMOUNT THAT THE COMPTROLLER RECOVERS MAY NOT~~
33 ~~EXCEED THE TOTAL AMOUNT PAID TO THE OBLIGOR IN VIOLATION OF THIS SECTION.~~

34 ~~(F) (K) THIS SECTION MAY NOT BE CONSTRUED TO PROHIBIT THE~~
35 ~~COMPTROLLER FROM COLLECTING TAXES DUE FROM THE OBLIGOR IN ANY OTHER~~
36 ~~MANNER AUTHORIZED BY LAW.~~

1

Article—Transportation2 ~~1-103.~~

3 (A) A LICENSE OR PERMIT IS CONSIDERED RENEWED FOR PURPOSES OF THIS
 4 SECTION IF THE LICENSE OR PERMIT IS ISSUED BY A UNIT OF STATE GOVERNMENT
 5 TO A PERSON FOR THE PERIOD IMMEDIATELY FOLLOWING A PERIOD FOR WHICH THE
 6 PERSON PREVIOUSLY POSSESSED THE SAME OR A SUBSTANTIALLY SIMILAR
 7 LICENSE.

8 (B) BEFORE ANY LICENSE OR PERMIT MAY BE RENEWED UNDER THIS
 9 ARTICLE, THE ISSUING AUTHORITY SHALL VERIFY THROUGH THE OFFICE OF THE
 10 COMPTROLLER THAT THE APPLICANT HAS PAID ALL UNDISPUTED TAXES AND
 11 UNEMPLOYMENT INSURANCE CONTRIBUTIONS PAYABLE TO THE COMPTROLLER OR
 12 THE SECRETARY OF LABOR, LICENSING, AND REGULATION OR THAT THE APPLICANT
 13 HAS PROVIDED FOR PAYMENT IN A MANNER SATISFACTORY TO THE UNIT
 14 RESPONSIBLE FOR COLLECTION.

15 (C) SUBSECTION (B) OF THIS SECTION DOES NOT APPLY TO LICENSES ISSUED
 16 UNDER:

17 (1) TITLE 13 OF THIS ARTICLE (MOTOR VEHICLE REGISTRATIONS); OR

18 (2) TITLE 16 OF THIS ARTICLE (DRIVERS' LICENSES).

19 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland
 20 read as follows:

21

Article—Tax—General22 ~~1-105.~~

23 (a) Except as provided in subsection (b) of this section, a person who timely
 24 files a sales and use tax return is allowed, for the expense of collecting and paying the
 25 tax, a credit equal to 0.45% of the gross amount of sales and use tax that the person
 26 is to pay to the Comptroller.

27 (b) (1) Subject to paragraph (2) of this subsection, the credit allowed under
 28 this section is 0.6% of the first \$6,000 of the gross amount of sales and use tax that
 29 the person is to pay with each return.

30 (2) For a vendor who files or is eligible to file a consolidated return under
 31 § 11-502 of this title, the credit allowed under paragraph (1) of this subsection is 0.6%
 32 of the first \$6,000 of the gross amount of sales and use tax that the person is or would
 33 be required to pay with the consolidated return.]

1 **Article—Transportation**

2 ~~13-812.~~

3 ~~[(a) For collecting and remitting the tax, a licensed dealer who, on behalf of the~~
4 ~~Administration, collects the excise tax imposed by this part may keep the lesser of \$12~~
5 ~~per vehicle or 0.6 percent of the gross excise tax the dealer collects.]~~

6 ~~[(b)] (A) Each dealer who collects any tax or fee required for titling a vehicle~~
7 ~~shall:~~

8 (1) ~~Keep complete and accurate records of each taxable sale, together~~
9 ~~with a record of the tax collected on the sale;~~

10 (2) ~~Keep copies of every invoice, bill of sale, and other pertinent~~
11 ~~documents and records, in the form that the Administration requires; and~~

12 (3) ~~Preserve these records in original form for at least 3 years, unless the~~
13 ~~Administration consents in writing to their earlier destruction or, by order, requires~~
14 ~~that they be kept for a longer period.~~

15 ~~[(c)] (B) Each dealer who collects any tax or fee required for titling a vehicle~~
16 ~~shall, during business hours, allow any representative of the Administration and any~~
17 ~~police officer full access to records required to be kept under subsection [(b)] (A) of~~
18 ~~this section.~~

19 ~~[(d)] (C) If the Administration finds that the records of a dealer are~~
20 ~~inadequate or incorrect and that the amount of excise tax collected for the~~
21 ~~Administration on these sales cannot be determined accurately from the records:~~

22 (1) ~~The Administration shall determine the taxable sales of the dealer for~~
23 ~~the period involved and compute the tax from the best information available; and~~

24 (2) ~~The determination and computation of the Administration are prima~~
25 ~~facie correct.~~

26 ~~[(e)] (D) (1) If, under subsection [(d)] (C) of this section, the Administration~~
27 ~~determines the sales of vehicles and computes the tax due, it shall:~~

28 (i) ~~Levy an assessment against the dealer for the deficiency,~~
29 ~~interest, and penalties in the manner authorized in §§ 13-401, 13-601, and 13-701 of~~
30 ~~the Tax—General Article; and~~

31 (ii) ~~Notify the dealer of the tax due and of the amount of the~~
32 ~~deficiency assessment.~~

33 (2) ~~If the dealer fails to pay the tax and assessment within 10 days after~~
34 ~~receiving the notice from the Administration, the Administration may levy, in~~
35 ~~addition to the tax and assessment, a penalty equal to 25 percent of the tax due.~~

1 ~~[(f)]~~ ~~(E)~~ If a dealer fails to keep any records of sales of vehicles, the
 2 Administration may compute the tax due as provided in § 13-407 of the Tax—General
 3 Article.

4 ~~[(g)]~~ ~~(F)~~ All amounts received from any dealer under this section shall be
 5 credited:

6 ~~(1)~~ ~~First, to any penalty and interest accrued under this section; and~~

7 ~~(2)~~ ~~Then, to the tax due.~~

8 SECTION 3. AND BE IT FURTHER ENACTED, That the Laws of Maryland
 9 read as follows:

10 ~~Article—Tax—General~~

11 ~~§ 11-105.~~

12 ~~(a)~~ ~~Except as provided in subsection (b) of this section, a person who timely~~
 13 ~~files a sales and use tax return is allowed, for the expense of collecting and paying the~~
 14 ~~tax, a credit equal to 0.9% of the gross amount of sales and use tax that the person is~~
 15 ~~to pay to the Comptroller.~~

16 ~~(b)~~ ~~(1)~~ ~~Subject to paragraph (2) of this subsection, the credit allowed under~~
 17 ~~this section is 1.2% of the first \$6,000 of the gross amount of sales and use tax that~~
 18 ~~the person is to pay with each return.~~

19 ~~(2)~~ ~~For a vendor who files or is eligible to file a consolidated return under~~
 20 ~~§ 11-502 of this title, the credit allowed under paragraph (1) of this subsection is 1.2%~~
 21 ~~of the first \$6,000 of the gross amount of sales and use tax that the person is or would~~
 22 ~~be required to pay with the consolidated return.]~~

23 ~~Article—Transportation~~

24 ~~§ 13-812.~~

25 ~~[(a)~~ ~~For collecting and remitting the tax, a licensed dealer who, on behalf of the~~
 26 ~~Administration, collects the excise tax imposed by this part may keep the lesser of \$24~~
 27 ~~per vehicle or 1.2 percent of the gross excise tax the dealer collects.]~~

28 ~~[(b)]~~ ~~(A)~~ ~~Each dealer who collects any tax or fee required for titling a vehicle~~
 29 ~~shall:~~

30 ~~(1)~~ ~~Keep complete and accurate records of each taxable sale, together~~
 31 ~~with a record of the tax collected on the sale;~~

32 ~~(2)~~ ~~Keep copies of every invoice, bill of sale, and other pertinent~~
 33 ~~documents and records, in the form that the Administration requires; and~~

1 (3) Preserve these records in original form for at least 3 years, unless the
2 Administration consents in writing to their earlier destruction or, by order, requires
3 that they be kept for a longer period.

4 ~~[(c)]~~ (B) Each dealer who collects any tax or fee required for titling a vehicle
5 shall, during business hours, allow any representative of the Administration and any
6 police officer full access to records required to be kept under subsection ~~[(b)]~~ (A) of
7 this section.

8 ~~[(d)]~~ (C) If the Administration finds that the records of a dealer are
9 inadequate or incorrect and that the amount of excise tax collected for the
10 Administration on these sales cannot be determined accurately from the records:

11 (1) The Administration shall determine the taxable sales of the dealer for
12 the period involved and compute the tax from the best information available; and

13 (2) The determination and computation of the Administration are prima
14 facie correct.

15 ~~[(e)]~~ (D) (1) If, under subsection ~~[(d)]~~ (C) of this section, the Administration
16 determines the sales of vehicles and computes the tax due, it shall:

17 (i) Levy an assessment against the dealer for the deficiency,
18 interest, and penalties in the manner authorized in §§ 13-401, 13-601, and 13-701 of
19 the Tax General Article; and

20 (ii) Notify the dealer of the tax due and of the amount of the
21 deficiency assessment.

22 (2) If the dealer fails to pay the tax and assessment within 10 days after
23 receiving the notice from the Administration, the Administration may levy, in
24 addition to the tax and assessment, a penalty equal to 25 percent of the tax due.

25 ~~[(f)]~~ (E) If a dealer fails to keep any records of sales of vehicles, the
26 Administration may compute the tax due as provided in § 13-407 of the Tax General
27 Article.

28 ~~[(g)]~~ (F) All amounts received from any dealer under this section shall be
29 credited:

30 (1) First, to any penalty and interest accrued under this section; and

31 (2) Then, to the tax due.

32 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland
33 read as follows:

1 **Article - Health - General**

2 15-102.7.

3 THE PREMIUM TAX IMPOSED UNDER TITLE 6, ~~SUBTITLE 8~~ SUBTITLE 1 OF THE
 4 INSURANCE ARTICLE APPLIES TO MANAGED CARE ORGANIZATIONS IN THE SAME
 5 MANNER AS IT APPLIES TO HEALTH MAINTENANCE ORGANIZATIONS.

6 19-727.

7 [(a) Except as provided in subsection (b) of this section, a] A health
 8 maintenance organization is not exempted from any State, county, or local taxes
 9 solely because of this subtitle.

10 [(b) (1) Each health maintenance organization that is authorized to operate
 11 under this subtitle is exempted from paying the premium tax imposed under Title 6,
 12 Subtitle 1 of the Insurance Article.

13 (2) Premiums received by an insurer under policies that provide health
 14 maintenance organization benefits are not subject to the premium tax imposed under
 15 Title 6, Subtitle 1 of the Insurance Article to the extent:

16 (i) Of the amounts actually paid by the insurer to a nonprofit
 17 health maintenance organization that operates only as a health maintenance
 18 organization; or

19 (ii) The premiums have been paid by that nonprofit health
 20 maintenance organization.]

21 **Article - Insurance**

22 6-101.

23 (a) The following persons are subject to taxation under this subtitle:

24 (1) a person engaged as principal in the business of writing insurance
 25 contracts, surety contracts, guaranty contracts, or annuity contracts;

26 (2) A HEALTH MAINTENANCE ORGANIZATION AUTHORIZED BY TITLE 19,
 27 SUBTITLE 7 OF THE HEALTH - GENERAL ARTICLE;

28 (3) A MANAGED CARE ORGANIZATION AUTHORIZED BY TITLE 15,
 29 SUBTITLE 1 OF THE HEALTH - GENERAL ARTICLE;

30 [(2)] (4) an attorney in fact for a reciprocal insurer;

31 [(3)] (5) the Maryland Automobile Insurance Fund; and

32 [(4)] (6) a credit indemnity company.

33 (b) The following persons are not subject to taxation under this subtitle:

1 (1) a nonprofit health service plan corporation that meets the
2 requirements established under §§ 14-106 and 14-107 of this article;

3 (2) a fraternal benefit society;

4 (3) [a health maintenance organization authorized by Title 19, Subtitle
5 7 of the Health - General Article;

6 (4)] a surplus lines broker, who is subject to taxation in accordance with
7 Title 3, Subtitle 3 of this article;

8 [(5)] (4) an unauthorized insurer, who is subject to taxation in
9 accordance with Title 4, Subtitle 2 of this article; [or] AND

10 [(6)] (5) the Short-Term Prescription Drug Subsidy Plan created under
11 Title 15, Subtitle 6 of the Health - General Article.

12 6-102.

13 (b) Premiums to be taxed include:

14 (1) the consideration for a surety contract, guaranty contract, or annuity
15 contract;

16 (2) SUBSCRIPTION CHARGES OR OTHER AMOUNTS PAID TO A HEALTH
17 MAINTENANCE ORGANIZATION ON A PREDETERMINED PERIODIC RATE BASIS BY A
18 PERSON OTHER THAN A PERSON SUBJECT TO THE TAX UNDER THIS SUBTITLE AS
19 COMPENSATION FOR PROVIDING HEALTH CARE SERVICES TO MEMBERS;

20 (3) GROSS RECEIPTS RECEIVED AS A RESULT OF CAPITATION
21 PAYMENTS, INCLUDING SUPPLEMENTAL OR BONUS PAYMENTS, MADE TO A
22 MANAGED CARE ORGANIZATION FOR PROVIDER SERVICES TO AN INDIVIDUAL WHO
23 IS ENROLLED IN A MANAGED CARE ORGANIZATION;

24 [(2)] (4) dividends on life insurance policies that have been applied to
25 buy additional insurance or to shorten the period during which a premium is payable;
26 and

27 [(3)] (5) the part of the gross receipts of a title insurer that is derived
28 from insurance business or guaranty business.

29 6-103.

30 The tax rate is:

31 (1) 0% for premiums for annuities; and

32 (2) 2% for all other premiums; INCLUDING:

33 (I) SUBSCRIPTION CHARGES OR OTHER AMOUNTS PAID TO A
34 HEALTH MAINTENANCE ORGANIZATION; AND

1 (II) GROSS RECEIPTS RECEIVED AS A RESULT OF CAPITATION
 2 PAYMENTS, INCLUDING SUPPLEMENTAL OR BONUS PAYMENTS, MADE TO A
 3 MANAGED CARE ORGANIZATION.

4 6-104.

5 (a) Subject to subsection (b) of this section, in computing the tax under this
 6 section, the following deductions from gross direct premiums allocable to the State
 7 are allowed:

8 (1) returned premiums, not including surrender values;

9 (2) dividends that are:

10 (i) paid or credited to policyholders; or

11 (ii) applied to buy additional insurance or to shorten the period
 12 during which premiums are payable; AND

13 (3) returns or refunds made or credited to policyholders because of
 14 retrospective ratings or safe driver rewards]; and

15 (4) premiums received by a person subject to taxation under this subtitle
 16 under policies providing health maintenance organization benefits to the extent:

17 (i) of the amounts actually paid by the person to a nonprofit health
 18 maintenance organization authorized by Title 19, Subtitle 7 of the Health - General
 19 Article that operates only as a health maintenance organization that is exempt from
 20 taxes under § 19-727(b) of the Health - General Article; or

21 (ii) that the premiums have been paid by a health maintenance
 22 organization that is exempt from taxes under § 19-727(b) of the Health - General
 23 Article].

24 6-107.

25 (a) On or before March 15 of each year, each person subject to taxation under
 26 this subtitle shall:

27 (1) file with the Commissioner:

28 (i) a report of the new and renewal gross direct premiums less
 29 returned premiums written by the person during the preceding calendar year; [and]

30 (II) A REPORT OF THE GROSS RECEIPTS RECEIVED AS A RESULT OF
 31 CAPITATION PAYMENTS, INCLUDING SUPPLEMENTAL OR BONUS PAYMENTS, MADE
 32 TO A MANAGED CARE ORGANIZATION DURING THE PRECEDING CALENDAR YEAR;
 33 AND

34 [(ii)] (III) if the person issues perpetual policies of fire insurance, a
 35 report of the average amount of deposits held by the person during the preceding

1 10-104.

2 The income tax does not apply to the income of:

3 (1) a common trust fund, as defined in § 3-501(b) of the Financial
4 Institutions Article;

5 (2) except as provided in §§ 10-101(c-1)(3) and 10-304(2) of this title, an
6 organization that is exempt from taxation under § 408(e)(1) or § 501 of the Internal
7 Revenue Code;

8 (3) a financial institution that is subject to the financial institution
9 franchise tax;

10 (4) a person subject to taxation under Title 6 of the Insurance Article;

11 (5) except as provided in § 10-102.1 of this subtitle, a partnership, as
12 defined in § 761 of the Internal Revenue Code;

13 (6) except as provided in § 10-102.1 of this subtitle and § 10-304(3) of
14 this title, an S corporation;

15 (7) except as provided in § 10-304(4) of this title, an investment conduit
16 or a special exempt entity; or

17 (8) except as provided in § 10-102.1 of this subtitle, a limited liability
18 company as defined under Title 4A of the Corporations and Associations Article to the
19 extent that the company is taxable as a partnership, as defined in § 761 of the
20 Internal Revenue Code.

21 10-105.

22 (b) (1) [The] SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, THE State
23 income tax rate for a corporation is 7% of Maryland taxable income.

24 (2) THE RATE OF THE SURCHARGE IMPOSED UNDER § 10-102(2) OF THIS
25 SUBTITLE IS 10% OF THE TAX IMPOSED UNDER PARAGRAPH (1) OF THIS SUBSECTION.

26 SECTION 3. AND BE IT FURTHER ENACTED, That the Laws of Maryland
27 read as follows:

28 Article – Commercial Law

29 9-525.

30 (a) Except as otherwise provided in subsection (c), the fee for filing and
31 indexing a record under this part, other than an initial financing statement of the
32 kind described in § 9-502(c), is:

33 (1) [\$20] \$25 if the record is communicated in writing and consists of
34 eight or fewer pages;

1 ~~(2)~~ \$75 if the record is communicated in writing and consists of more
 2 than eight pages; and

3 ~~(3)~~ [\$20] \$25 if the record is communicated by another medium
 4 authorized by filing office rule.

5 ~~(b)~~ The number of names required to be indexed does not affect the amount of
 6 the fee in subsection (a).

7 ~~(c)~~ This section does not require a fee with respect to a record of a mortgage
 8 which is effective as a financing statement filed as a fixture filing or as a financing
 9 statement covering as extracted collateral or timber to be cut under § 9-502(c).
 10 However, the recording and satisfaction fees that otherwise would be applicable to the
 11 record of the mortgage apply.

12 **Article - Corporations and Associations**

13 1-203.

14 ~~(A)~~ In addition to any organization and capitalization fee required under §
 15 1-204 of this article, the Department shall collect the following fees:

16 ~~(B)~~ ~~(1)~~ For each of the following documents, the recording fee is [\$20 and the
 17 filing or special fee is as indicated] \$100:

| 18 | <u>— Filing or</u> | |
|----|---|-----------------------|
| 19 | <u>Document</u> | <u>Special Fee</u> |
| 20 | <u>Articles of incorporation</u> | <u>— [none]</u> |
| 21 | <u>Articles of amendment</u> | <u>— [none]</u> |
| 22 | <u>Articles of extension</u> | <u>— [none]</u> |
| 23 | <u>Articles of restatement of charter</u> | <u>— [none]</u> |
| 24 | <u>Articles of amendment and restatement</u> | <u>— [none]</u> |
| 25 | <u>Articles supplementary</u> | <u>— [none]</u> |
| 26 | <u>Articles of share exchange</u> | <u>— [none]</u> |
| 27 | <u>Articles of consolidation, merger, or transfer</u> | <u>— [\$4 for</u> |
| 28 | <u>— each certificate]</u> | |
| 29 | <u>Articles of dissolution</u> | <u>— [\$30 (which</u> |
| 30 | <u>— includes the cost</u> | |
| 31 | <u>— of publication of the</u> | |
| 32 | <u>— notice by the Department)]</u> | |
| 33 | <u>Articles of revival for stock corporation</u> | <u>— [\$30]</u> |
| 34 | <u>Articles of revival for nonstock corporation</u> | <u>— [\$10]</u> |

35 ~~(2)~~ For each of the following documents, the recording fee is [\$10] \$25:

36 ~~(i)~~ Notice of change of address of principal office;

37 ~~(ii)~~ Notice of change of name or address of resident agent;

38 ~~(iii)~~ Certificate of correction; and

1 (iv) Any other documents.

2 (3) For each of the following documents which are filed but not recorded,
 3 the filing fee is as indicated:

4 Reservation of a corporate, limited partnership, limited liability

5 partnership or limited liability company name [\$7]

6 \$25

7 Original registration of name of a foreign corporation to end of calendar

8 year [\$50]

9 \$100

10 Renewal of registration of name of a foreign corporation for one calendar

11 year [\$50]

12 \$100

13 Documents in connection with the qualification of a foreign corporation to do

14 intrastate business in this State [\$50]

15 \$100

16 Application for registration of a foreign limited partnership, a foreign

17 limited liability partnership, or a foreign limited liability company [\$50]

18 \$100

19 [Annual report of a Maryland corporation, except a charitable or benevolent
 20 institution, nonstock corporation, savings and loan corporation, credit

21 union, and banking institution \$100

22 Annual report of a foreign corporation subject to the jurisdiction of this State,

23 except an insurance company which pays an annual filing fee of \$25 to the

24 Insurance Commissioner, national banking association, savings and loan

25 association, credit union, nonstock corporation, and charitable and

26 benevolent institution \$100

27 Annual report of a Maryland savings and loan association, banking institution,

28 or credit union or of a foreign savings and loan association, national banking

29 association, or credit union that is subject to the jurisdiction of this State \$100]

30 Annual report of a real estate investment trust doing business in this State [\$25]

31 \$10,000

32 Other documents \$6

33 (4) For each of the following documents recorded or filed the fee is [\$50]

34 \$100:

35 (i) Certificate of limited partnership, certificate of limited liability

36 partnership, articles of organization of a limited liability company, certificate of trust

37 of a business trust, including certificates of amendment and certificates of

38 cancellation, certificates of reinstatement, and articles of reinstatement; and

39 (ii) Any statement filed by a partnership under Title 9 of this

40 article.

41 (5) For issuing each of the following certificates, the fee is as indicated:

42 Type of Instrument Special Fee

| | | | |
|----|---|------------------|--|
| 1 | Certificate of status of a corporation, partnership, limited partnership, | | |
| 2 | limited liability partnership, or limited liability company of this State | | |
| 3 | or of a foreign corporation, foreign partnership, foreign limited partnership, | | |
| 4 | foreign limited liability partnership, or foreign limited liability company | [\$6] | |
| 5 | \$20 | | |
| 6 | Certified list of the charter papers of a corporation of this State or any | | |
| 7 | certificates of a limited partnership, limited liability partnership, or a limited | | |
| 8 | liability company of this State recorded or filed with the Department | [\$6] | |
| 9 | \$20 | | |
| 10 | Certificate of compliance by a foreign corporation, foreign limited partnership, | | |
| 11 | foreign limited liability partnership, or foreign limited liability company | | |
| 12 | with requirements of law in respect of qualification or registration | [\$6] | |
| 13 | \$20 | | |
| 14 | Certificate of withdrawal of registration or qualification | [\$6] | |
| 15 | \$20 | | |
| 16 | Certificate of any paper recorded or filed in the Department's office | [\$6] | |
| 17 | \$20 | | |

18 ~~(6) For a duplicate of a certificate mentioned in subsection (5) of this~~
 19 ~~section which is issued at the same time as the original, the fee is \$1, and for a copy~~
 20 ~~of any other paper recorded or filed with the Department, the fee is \$1 per page.~~

21 ~~(7) (i) For acceptance of service of process or notice on the~~
 22 ~~Department, the Department shall charge a fee of [\$15] \$50.~~

23 ~~(ii) Each county and Baltimore City is exempt from the fee under~~
 24 ~~paragraph (7)(i) of this section.~~

25 ~~(8) For processing each of the following documents on an expedited basis,~~
 26 ~~the additional fee is as indicated:~~

| | | |
|----|--|------------------|
| 27 | Recording any document, including financing statements | \$50 |
| 28 | Certificate of status of a corporation, partnership, limited partnership, limited | |
| 29 | liability partnership, or limited liability company, or a name | |
| 30 | reservation | [\$9] |
| 31 | \$20 | |
| 32 | A copy of any document recorded or filed with the Department, or a corporate | |
| 33 | abstract | \$20 |

34 ~~(9) (I) THE FOLLOWING BUSINESS ENTITIES FORMED IN, QUALIFIED,~~
 35 ~~OR REGISTERED TO DO BUSINESS IN THIS STATE SHALL FILE AN ANNUAL REPORT~~
 36 ~~WITH THE DEPARTMENT AND, EXCEPT FOR A NONSTOCK CORPORATION, PAY THE~~
 37 ~~FEE REQUIRED BY THIS SUBSECTION:~~

- | | | |
|----|---------------|---|
| 38 | 1. | A BANK, INCLUDING A NATIONAL BANK; |
| 39 | 2. | A BUSINESS TRUST; |
| 40 | 3. | A CORPORATION; |
| 41 | 4. | A CREDIT UNION; |

- 1 ~~5: AN INSURANCE COMPANY;~~
- 2 ~~6: A LIMITED LIABILITY COMPANY OR LIMITED LIABILITY~~
- 3 ~~PARTNERSHIP;~~
- 4 ~~7: A LIMITED PARTNERSHIP OR LIMITED LIABILITY LIMITED~~
- 5 ~~PARTNERSHIP;~~
- 6 ~~8: A PROFESSIONAL CORPORATION; AND~~
- 7 ~~9: A SAVINGS AND LOAN ASSOCIATION;~~

8 ~~(II) THE FEE PAID WITH THE ANNUAL REPORT IS BASED ON THE~~
 9 ~~NUMBER OF EMPLOYEES OF THE ENTITY AS OF DECEMBER 31ST OF THE YEAR~~
 10 ~~PRECEDING THE ANNUAL REPORT:~~

| 11 | <u>EMPLOYEES</u> | <u>FEE</u> |
|----|---------------------------|-----------------|
| 12 | <u>0-20</u> | <u>\$400</u> |
| 13 | <u>21-49</u> | <u>\$750</u> |
| 14 | <u>50-99</u> | <u>\$2,000</u> |
| 15 | <u>100-499</u> | <u>\$10,000</u> |
| 16 | <u>500 AND OVER</u> | <u>\$20,000</u> |

17 ~~(III) FROM EACH FEE PAID WITH AN ANNUAL REPORT UNDER THIS~~
 18 ~~PARAGRAPH, \$2 SHALL BE CREDITED TO THE FUND ESTABLISHED UNDER § 1-203.3 OF~~
 19 ~~THIS SUBTITLE FOR THE PURPOSE OF REVIEWING, PROCESSING, AND AUDITING~~
 20 ~~ANNUAL REPORTS.~~

21 ~~1-406.~~

22 ~~(c) The Department of Assessments and Taxation shall charge and receive a~~
 23 ~~fee of:~~

- 24 ~~(1) [\$10] \$25 for recording the certificates under this section; AND~~
- 25 ~~(2) [\$1 for each name to be indexed; and~~
- 26 ~~(3) \$12] \$25 for each amendment, cancellation, or renewal of a~~
 27 ~~certificate.~~

28 ~~§ 403.~~

29 ~~(a) [(1) Except for annual report filing fees, a] A real estate investment trust~~
 30 ~~shall pay the fees required under §§ 1-203 and 1-204 of this article.~~

31 ~~[(2)] (B) To compute fees under this section, a real estate investment~~
 32 ~~trust shall treat certificates of beneficial interest as if they were shares of stock in a~~
 33 ~~corporation.~~

34 ~~[(b) A real estate investment trust shall pay an annual report filing fee of \$25.]~~

1 SECTION 4. AND BE IT FURTHER ENACTED, That the Laws of Maryland
 2 read as follows:

3 Article – Tax – General

4 10-109.

5 (A) THE COMPTROLLER MAY DISTRIBUTE, APPORTION, OR ALLOCATE GROSS
 6 INCOME, DEDUCTIONS, CREDITS, OR ALLOWANCES BETWEEN AND AMONG TWO OR
 7 MORE ORGANIZATIONS, TRADES, OR BUSINESSES, WHETHER OR NOT
 8 INCORPORATED, WHETHER OR NOT ORGANIZED IN THE UNITED STATES, AND
 9 WHETHER OR NOT AFFILIATED, IF:

10 (1) THE ORGANIZATIONS, TRADES, OR BUSINESSES ARE OWNED OR
 11 CONTROLLED DIRECTLY OR INDIRECTLY BY THE SAME INTERESTS; AND

12 (2) THE COMPTROLLER DETERMINES THAT THE DISTRIBUTION,
 13 APPORTIONMENT, OR ALLOCATION IS NECESSARY IN ORDER TO REFLECT AN ARM'S
 14 LENGTH STANDARD, WITHIN THE MEANING OF § 1.482-1 OF THE REGULATIONS OF
 15 THE INTERNAL REVENUE SERVICE OF THE U.S. TREASURY AND TO CLEARLY
 16 REFLECT THE INCOME OF THOSE ORGANIZATIONS, TRADES, OR BUSINESSES.

17 (B) THE COMPTROLLER SHALL APPLY THE ADMINISTRATIVE AND JUDICIAL
 18 INTERPRETATIONS OF § 482 OF THE INTERNAL REVENUE CODE IN ADMINISTERING
 19 THIS SECTION.

20 (C) THIS SECTION DOES NOT APPLY TO INCOME DERIVED FROM PASSIVE
 21 INVESTMENTS HELD BY AN OUT-OF-STATE SUBSIDIARY OR AFFILIATE OF THE
 22 FOLLOWING:

23 (1) A BANK HOLDING COMPANY AS DEFINED IN THE FEDERAL BANK
 24 HOLDING COMPANY ACT OF 1956, AS AMENDED; OR

25 (2) A BANK, TRUST COMPANY, SAVINGS BANK, OR SAVINGS AND LOAN
 26 ASSOCIATION INCORPORATED OR CHARTERED UNDER THE LAWS OF THIS STATE,
 27 ANOTHER STATE, OR THE UNITED STATES.

28 10-306.1.

29 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
 30 INDICATED.

31 (2) "BANK" MEANS:

32 (1) A BANK HOLDING COMPANY AS DEFINED IN THE FEDERAL
 33 BANK HOLDING COMPANY ACT OF 1956, AS AMENDED, OR A BANK, TRUST COMPANY,
 34 SAVINGS BANK, OR SAVINGS AND LOAN ASSOCIATION INCORPORATED OR
 35 CHARTERED UNDER THE LAWS OF THIS STATE, ANOTHER STATE, OR THE UNITED
 36 STATES; OR

1 (II) A SUBSIDIARY OR AFFILIATE OF AN ENTITY DESCRIBED IN
2 ITEM (1) OF THIS PARAGRAPH.

3 (3) "BIOTECHNOLOGY" MEANS THE APPLICATION OF BIOCHEMISTRY,
4 MOLECULAR AND CELLULAR BIOLOGY, GENETICS, BIOENGINEERING, AND RELATED
5 TECHNOLOGIES TO PRODUCE OR MODIFY PRODUCTS, TO IMPROVE PLANTS OR
6 ANIMALS, TO DEVELOP MICROORGANISMS FOR SPECIFIC USES, TO IDENTIFY
7 TARGETS FOR SMALL MOLECULE PHARMACEUTICAL DEVELOPMENT, OR TO
8 TRANSFORM BIOLOGICAL SYSTEMS INTO USEFUL PROCESSES.

9 ~~(2)~~ (4) "INTANGIBLE EXPENSE" MEANS:

10 (I) AN EXPENSE, LOSS, OR COST FOR, RELATED TO, OR IN
11 CONNECTION DIRECTLY OR INDIRECTLY WITH, THE DIRECT OR INDIRECT
12 ACQUISITION, USE, MAINTENANCE, MANAGEMENT, OWNERSHIP, SALE, EXCHANGE,
13 OR ANY OTHER DISPOSITION OF INTANGIBLE PROPERTY, TO THE EXTENT THE
14 EXPENSE, LOSS, OR COST IS ALLOWED AS A DEDUCTION OR COST IN DETERMINING
15 TAXABLE INCOME FOR THE TAXABLE YEAR UNDER THE INTERNAL REVENUE CODE;

16 (II) A LOSS RELATED TO OR INCURRED IN CONNECTION DIRECTLY
17 OR INDIRECTLY WITH FACTORING TRANSACTIONS OR DISCOUNTING TRANSACTIONS;

18 (III) A ROYALTY, PATENT, TECHNICAL, OR COPYRIGHT FEE;

19 (IV) A LICENSING FEE; AND

20 (V) ANY OTHER SIMILAR EXPENSE OR COST.

21 ~~(3)~~ (5) "INTANGIBLE PROPERTY" MEANS PATENTS, PATENT
22 APPLICATIONS, TRADE NAMES, TRADEMARKS, SERVICE MARKS, COPYRIGHTS, AND
23 SIMILAR TYPES OF INTANGIBLE ASSETS.

24 ~~(4)~~ (6) "INTEREST EXPENSE" MEANS AN AMOUNT DIRECTLY OR
25 INDIRECTLY ALLOWED AS A DEDUCTION UNDER § 163 OF THE INTERNAL REVENUE
26 CODE FOR PURPOSES OF DETERMINING TAXABLE INCOME UNDER THE INTERNAL
27 REVENUE CODE.

28 ~~(5)~~ (7) "RELATED MEMBER" MEANS A PERSON THAT, WITH RESPECT
29 TO THE TAXPAYER DURING ALL OR ANY PORTION OF THE TAXABLE YEAR, IS:

30 (I) A RELATED ENTITY;

31 (II) A COMPONENT MEMBER, AS DEFINED IN § 1563(B) OF THE
32 INTERNAL REVENUE CODE; OR

33 (III) A PERSON TO OR FROM WHOM THERE IS ATTRIBUTION OF
34 STOCK OWNERSHIP IN ACCORDANCE WITH § 1563(E) OF THE INTERNAL REVENUE
35 CODE.

1 ~~(6)~~ (8) "RELATED ENTITY" MEANS A PERSON THAT, APPLYING THE
2 ATTRIBUTION RULES OF § 318 OF THE INTERNAL REVENUE CODE, IS:

3 (I) A STOCKHOLDER WHO IS AN INDIVIDUAL, OR A MEMBER OF
4 THE STOCKHOLDER'S FAMILY ENUMERATED IN § 318 OF THE INTERNAL REVENUE
5 CODE, IF THE STOCKHOLDER AND THE MEMBERS OF THE STOCKHOLDER'S FAMILY
6 OWN, DIRECTLY, INDIRECTLY, BENEFICIALLY, OR CONSTRUCTIVELY, IN THE
7 AGGREGATE, AT LEAST 50% OF THE VALUE OF THE TAXPAYER'S OUTSTANDING
8 STOCK;

9 (II) A STOCKHOLDER, OR A STOCKHOLDER'S PARTNERSHIP,
10 LIMITED LIABILITY COMPANY, ESTATE, TRUST, OR CORPORATION, IF THE
11 STOCKHOLDER AND THE STOCKHOLDER'S PARTNERSHIPS, LIMITED LIABILITY
12 COMPANIES, ESTATES, TRUSTS, AND CORPORATIONS OWN DIRECTLY, INDIRECTLY,
13 BENEFICIALLY, OR CONSTRUCTIVELY, IN THE AGGREGATE, AT LEAST 50% OF THE
14 VALUE OF THE TAXPAYER'S OUTSTANDING STOCK; OR

15 (III) A CORPORATION, OR A PARTY RELATED TO THE CORPORATION
16 IN A MANNER THAT WOULD REQUIRE AN ATTRIBUTION OF STOCK FROM THE
17 CORPORATION TO THE PARTY OR FROM THE PARTY TO THE CORPORATION UNDER
18 THE ATTRIBUTION RULES OF § 318 OF THE INTERNAL REVENUE CODE, IF THE
19 TAXPAYER OWNS, DIRECTLY, INDIRECTLY, BENEFICIALLY, OR CONSTRUCTIVELY, AT
20 LEAST 50% OF THE VALUE OF THE CORPORATION'S OUTSTANDING STOCK.

21 (B) (1) IN ADDITION TO THE MODIFICATIONS UNDER §§ 10-305 AND 10-306
22 OF THIS SUBTITLE, EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, THE
23 AMOUNTS UNDER PARAGRAPH (2) OF THIS SUBSECTION ARE ADDED TO THE
24 FEDERAL TAXABLE INCOME OF A CORPORATION TO DETERMINE MARYLAND
25 MODIFIED INCOME.

26 (2) THE ADDITION UNDER THIS SUBSECTION INCLUDES ANY
27 OTHERWISE DEDUCTIBLE INTEREST EXPENSE OR INTANGIBLE EXPENSE, IF THE
28 INTEREST EXPENSE OR INTANGIBLE EXPENSE IS DIRECTLY OR INDIRECTLY PAID,
29 ACCRUED, OR INCURRED TO, OR IN CONNECTION DIRECTLY OR INDIRECTLY WITH
30 ONE OR MORE DIRECT OR INDIRECT TRANSACTIONS WITH, ONE OR MORE RELATED
31 MEMBERS.

32 (C) THE ADDITION REQUIRED UNDER SUBSECTION (B) OF THIS SECTION DOES
33 NOT APPLY TO ANY PORTION OF AN INTEREST EXPENSE OR INTANGIBLE EXPENSE
34 TO THE EXTENT THAT THE CORPORATION ESTABLISHES BY CLEAR AND CONVINCING
35 EVIDENCE, AS DETERMINED BY THE COMPTROLLER, THAT:

36 (1) THE TRANSACTION GIVING RISE TO THE PAYMENT OF THE INTEREST
37 EXPENSE OR THE INTANGIBLE EXPENSE BETWEEN THE CORPORATION AND THE
38 RELATED MEMBER DID NOT HAVE AS A PRINCIPAL PURPOSE THE AVOIDANCE OF
39 ANY PORTION OF THE TAX DUE UNDER THIS TITLE;

40 (2) THE INTEREST EXPENSE OR THE INTANGIBLE EXPENSE WAS PAID
41 PURSUANT TO ARM'S LENGTH CONTRACTS AT AN ARM'S LENGTH RATE OF INTEREST
42 OR PRICE; AND

1 (3) (I) DURING THE SAME TAXABLE YEAR, THE RELATED MEMBER
 2 DIRECTLY OR INDIRECTLY PAID, ACCRUED, OR INCURRED THE INTEREST EXPENSE
 3 OR THE INTANGIBLE EXPENSE TO A PERSON WHO IS NOT A RELATED MEMBER; ~~OR~~

4 (II) 1. THE RELATED MEMBER WAS SUBJECT TO A TAX ~~ON~~
 5 MEASURED BY ITS NET INCOME OR RECEIPTS IN THIS STATE OR OTHER STATES OR
 6 POSSESSIONS OF THE UNITED STATES OR IN FOREIGN NATIONS;

7 2. A MEASURE OF THE TAX IMPOSED BY THIS STATE AND
 8 OTHER STATES OR POSSESSIONS OF THE UNITED STATES OR FOREIGN NATIONS
 9 INCLUDED THE INTEREST EXPENSE OR THE INTANGIBLE EXPENSE RECEIVED BY
 10 THE RELATED MEMBER FROM THE CORPORATION; AND

11 3. THE EFFECTIVE RATE OF TAX PAID BY THE RELATED
 12 MEMBER TO THIS STATE AND OTHER STATES OR POSSESSIONS OF THE UNITED
 13 STATES OR FOREIGN NATIONS IN THE AGGREGATE ON THE AMOUNTS RECEIVED BY
 14 THE RELATED MEMBER FROM THE CORPORATION IS EQUAL TO OR GREATER THAN
 15 4%; ~~OR~~

16 (III) IN THE CASE OF AN INTEREST EXPENSE, THE CORPORATION
 17 AND THE RELATED MEMBER ARE BANKS.

18 (D) THE ADDITION REQUIRED UNDER SUBSECTION (B) OF THIS SECTION
 19 DOES NOT APPLY TO ANY INTANGIBLE EXPENSE PAID, ACCRUED, OR INCURRED TO
 20 PURCHASE, LICENSE, DEVELOP, OR PROTECT PATENTS, TRADE SECRETS,
 21 COPYRIGHTS, OR TRADEMARKS USED IN THE BIOTECHNOLOGY INDUSTRY.

22 ~~(D)~~ (E) THIS SECTION MAY NOT BE CONSTRUED:

23 (1) TO REQUIRE A CORPORATION TO ADD TO ITS NET INCOME MORE
 24 THAN ONCE ANY AMOUNT OF INTEREST EXPENSE OR INTANGIBLE EXPENSE THAT
 25 THE CORPORATION PAYS, ACCRUES, OR INCURS TO A RELATED MEMBER; OR

26 (2) TO LIMIT OR NEGATE ANY OTHER AUTHORITY PROVIDED TO THE
 27 COMPTROLLER UNDER THIS ARTICLE, INCLUDING:

28 (I) THE AUTHORITY TO MAKE ADJUSTMENTS UNDER § 10-109 OR §
 29 10-402(D) OF THIS TITLE; OR

30 (II) THE AUTHORITY TO OTHERWISE ENTER INTO AGREEMENTS
 31 AND COMPROMISES OTHERWISE ALLOWED BY LAW.

32 ~~(E)~~ (F) THE COMPTROLLER SHALL ADOPT ANY REGULATIONS THAT ARE
 33 NECESSARY OR APPROPRIATE TO CARRY OUT THIS SECTION.

34 10-402.

35 (c) (1) (I) IN THIS SUBSECTION THE FOLLOWING WORDS HAVE THE
 36 MEANINGS INDICATED.

1 (II) "NONOPERATIONAL INCOME" MEANS ALL INCOME OTHER
2 THAN OPERATIONAL INCOME.

3 (III) "OPERATIONAL INCOME" MEANS ALL INCOME THAT IS
4 APPORTIONABLE UNDER THE CONSTITUTION OF THE UNITED STATES.

5 (2) (I) IF THE TRADE OR BUSINESS IS A UNITARY BUSINESS, THE PART
6 OF THE CORPORATION'S MARYLAND MODIFIED INCOME DERIVED FROM OR
7 REASONABLY ATTRIBUTABLE TO TRADE OR BUSINESS CARRIED ON IN THE STATE
8 SHALL BE DETERMINED BY ADDING:

9 1. THE CORPORATION'S NONOPERATIONAL INCOME THAT IS
10 ALLOCATED TO THE STATE UNDER SUBPARAGRAPH (II) OF THIS PARAGRAPH; AND

11 2. THE PART OF THE CORPORATION'S OPERATIONAL INCOME
12 DERIVED FROM OR REASONABLY ATTRIBUTABLE TO TRADE OR BUSINESS CARRIED
13 ON IN THE STATE AS DETERMINED UNDER PARAGRAPH (3) OR (4) OF THIS
14 SUBSECTION.

15 (II) TO THE EXTENT ALLOWED UNDER THE CONSTITUTION OF THE
16 UNITED STATES, IF THE PRINCIPAL PLACE FROM WHICH THE TRADE OR BUSINESS
17 OF A CORPORATION IS DIRECTED OR MANAGED IS IN THE STATE, ALL OF THE
18 CORPORATION'S MARYLAND MODIFIED INCOME THAT IS NONOPERATIONAL INCOME
19 SHALL BE ALLOCATED TO THE STATE.

20 [(1)] (3) Except as provided in paragraph [(2)] (4) of this subsection, if
21 the trade or business is a unitary business, the part of the corporation's Maryland
22 modified income THAT IS OPERATIONAL INCOME derived from or reasonably
23 attributable to trade or business carried on in the State shall be determined using a
24 3-factor apportionment fraction:

25 (i) the numerator of which is the sum of the property factor, the
26 payroll factor, and twice the sales factor; and

27 (ii) the denominator of which is 4.

28 [(2)] (4) (i) In this paragraph:

29 1. "manufacturing corporation" means a domestic or foreign
30 corporation which is primarily engaged in activities that, in accordance with the
31 North American Industrial Classification System (NAICS), United States Manual,
32 United States Office of Management and Budget, 1997 Edition, would be included in
33 Sector 11, 31, 32, or 33; and

34 2. "manufacturing corporation" does not include a refiner, as
35 defined in § 10-101 of the Business Regulation Article.

36 (ii) If a manufacturing corporation carries on its trade or business
37 in and out of the State and the trade or business is a unitary business, the part of the
38 corporation's Maryland modified income THAT IS OPERATIONAL INCOME derived

1 from or reasonably attributable to trade or business carried on in the State shall be
2 determined using a single sales factor apportionment formula, by multiplying its
3 Maryland modified income by 100% of the sales factor.

4 (iii) In filing its tax return for each year, a manufacturing
5 corporation shall certify that the NAICS Code reported on its Maryland return is
6 consistent with that reported to other government agencies.

7 (iv) If the Comptroller determines that a corporation has submitted
8 information that incorrectly classifies the corporation as a manufacturing corporation
9 under subparagraph (i) of this paragraph, the Comptroller shall reclassify the
10 corporation in an appropriate manner.

11 (v) The Comptroller, in consultation with the Department of
12 Business and Economic Development, shall adopt regulations necessary to carry out
13 the provisions of this subsection.

14 (vi) As part of its tax return for a taxable year beginning after
15 December 31, 2000 but before January 1, 2003, each manufacturing corporation that
16 has more than 25 employees and apportions its income under this paragraph shall
17 submit a report, in the form that the Comptroller requires by regulation, that
18 describes for each taxable year as of the last day of the taxable year the following:

19 1. the difference in tax owed as a result of using single sales
20 factor apportionment method under this paragraph as compared to the tax owed
21 using the 3-factor double weighted sales factor apportionment method in effect for
22 the last taxable year beginning on or before December 31, 2000;

23 2. volume of sales in the State and worldwide;

24 3. taxable income in the State and worldwide; and

25 4. book value of plant, land, and equipment in the State and
26 worldwide.

27 (vii) On or before October 1, 2003 and October 1, 2004, and
28 notwithstanding any confidentiality requirements, the Comptroller shall prepare and
29 submit to the Governor and, subject to § 2-1246 of the State Government Article, to
30 the General Assembly, a comprehensive report on the use of single sales factor
31 apportionment by manufacturing corporations that provides, at a minimum:

32 1. the number of corporations filing tax returns for the
33 taxable year that ended during the preceding calendar year that use single sales
34 factor apportionment and the number of such corporations having a Maryland income
35 tax liability for that taxable year;

36 2. the number of corporations paying less in Maryland
37 income tax for that taxable year as a result of using single sales factor apportionment
38 and the aggregate amount of Maryland income tax savings for all such corporations
39 for that taxable year as a result of using single sales factor apportionment; and

1 3. the number of corporations paying more in Maryland
2 income tax for the taxable year as a result of using single sales factor apportionment
3 and the aggregate amount of additional Maryland income tax owed by those
4 corporations for the taxable year as a result of using single sales factor
5 apportionment.

6 [(3)] (5) The property factor under paragraph [(1)] (3) of this subsection
7 shall include:

8 (i) rented and owned real property; and

9 (ii) tangible personal property located in the State and used in the
10 trade or business.

11 (6) (I) SALES OF TANGIBLE PERSONAL PROPERTY SHALL BE
12 INCLUDED IN THE NUMERATOR OF THE SALES FACTOR UNDER PARAGRAPH (3) OR
13 PARAGRAPH (4) OF THIS SUBSECTION IF:

14 1. THE PROPERTY IS DELIVERED OR SHIPPED TO A
15 PURCHASER WITHIN THE STATE, REGARDLESS OF THE F.O.B. POINT OR OTHER
16 CONDITIONS OF THE SALE; OR

17 2. THE PROPERTY IS SHIPPED FROM AN OFFICE, STORE,
18 WAREHOUSE, FACTORY, OR OTHER PLACE OF STORAGE IN THIS STATE AND THE
19 CORPORATION IS NOT TAXABLE IN THE STATE OF THE PURCHASER.

20 (II) FOR PURPOSES OF SUBPARAGRAPH (I) OF THIS PARAGRAPH, A
21 CORPORATION IS TAXABLE IN A STATE IF:

22 1. IN THAT STATE THE CORPORATION IS SUBJECT TO A NET
23 INCOME TAX, A FRANCHISE TAX MEASURED BY NET INCOME, A FRANCHISE TAX FOR
24 THE PRIVILEGE OF DOING BUSINESS, OR A CORPORATE STOCK TAX; OR

25 2. THAT STATE HAS JURISDICTION TO SUBJECT THE
26 TAXPAYER TO A NET INCOME TAX, REGARDLESS OF WHETHER, IN FACT, THE STATE
27 IMPOSES A TAX.

28 10-804.

29 (e) Each person required under this subtitle to file an income tax return or
30 estimated income tax declaration or return shall:

31 (3) attach to an income tax return or otherwise file with the Comptroller
32 any records or statements that the Comptroller requires, including:

33 (i) for an individual who has income tax withheld from salary,
34 wages, or other compensation for personal services, or other payments, a copy of the
35 statement from the person who withholds the tax that states:

1 ~~(H) MORE THAN 80% OF THE TOTAL INTEREST IN CAPITAL AND~~
2 ~~PROFITS OF A PARTNERSHIP, ASSOCIATION, LIMITED LIABILITY COMPANY, OR OTHER~~
3 ~~UNINCORPORATED FORM OF DOING BUSINESS; OR~~

4 ~~(III) MORE THAN 80% OF THE BENEFICIAL INTEREST IN A TRUST.~~

5 ~~(3) "FINAL TRANSFER" MEANS THAT TRANSFER OF ANY PORTION OF A~~
6 ~~CONTROLLING INTEREST WHICH COMPLETES THE TRANSFER OF A CONTROLLING~~
7 ~~INTEREST IN A REAL PROPERTY ENTITY.~~

8 ~~(4) (I) "PLAN OF TRANSFER" MEANS AN INTENTIONAL PLAN OR~~
9 ~~PROGRAM TO TRANSFER THE CONTROLLING INTEREST IN A REAL PROPERTY ENTITY.~~

10 ~~(H) "PLAN OF TRANSFER" DOES NOT INCLUDE A SERIES OF SALES~~
11 ~~OF SHARES OF A PUBLICLY TRADED ENTITY.~~

12 ~~(5) (I) "REAL PROPERTY" MEANS REAL PROPERTY LOCATED IN THE~~
13 ~~STATE.~~

14 ~~(II) "REAL PROPERTY" DOES NOT INCLUDE:~~

15 ~~1. A LEASEHOLD, UNLESS CREATED BY A LEASE THAT IS~~
16 ~~REQUIRED TO BE RECORDED UNDER § 3-101(A) OF THE REAL PROPERTY ARTICLE; OR~~

17 ~~2. ANY MORTGAGE, DEED OF TRUST, OR OTHER LIEN UPON~~
18 ~~OR SECURITY INTEREST IN REAL PROPERTY THAT SECURES AN INDEBTEDNESS.~~

19 ~~(6) (I) "REAL PROPERTY ENTITY" MEANS A CORPORATION,~~
20 ~~PARTNERSHIP, ASSOCIATION, LIMITED LIABILITY COMPANY, LIMITED LIABILITY~~
21 ~~PARTNERSHIP, OTHER UNINCORPORATED FORM OF DOING BUSINESS, OR TRUST~~
22 ~~THAT DIRECTLY OR BENEFICIALLY OWNS REAL PROPERTY THAT:~~

23 ~~1. CONSTITUTES AT LEAST 80% OF THE VALUE OF ITS~~
24 ~~ASSETS; AND~~

25 ~~2. HAS AN AGGREGATE VALUE OF AT LEAST \$1,000,000.~~

26 ~~(H) FOR THE PURPOSES OF THIS PARAGRAPH, THE VALUE OF REAL~~
27 ~~PROPERTY SHALL BE DETERMINED WITHOUT REDUCTION FOR ANY MORTGAGE,~~
28 ~~DEED OF TRUST, OR OTHER LIEN UPON OR SECURITY INTEREST IN THE REAL~~
29 ~~PROPERTY.~~

30 ~~(III) "REAL PROPERTY ENTITY" DOES NOT INCLUDE AN ENTITY~~
31 ~~WITH LAND HOLDINGS THAT, OTHER THAN HOMESITES OR AREAS OF COMMERCIAL~~
32 ~~ACTIVITY RELATED TO AGRICULTURAL PRODUCTION, ARE ENTIRELY SUBJECT TO AN~~
33 ~~AGRICULTURAL USE ASSESSMENT UNDER § 8-209 OF THIS ARTICLE.~~

34 ~~(B) (I) THE RECORDATION TAX IS IMPOSED ON THE TRANSFER OF A~~
35 ~~CONTROLLING INTEREST IN A REAL PROPERTY ENTITY AS IF THE REAL PROPERTY~~
36 ~~DIRECTLY OR BENEFICIALLY OWNED BY THE REAL PROPERTY ENTITY WERE~~

~~1 CONVEYED BY AN INSTRUMENT OF WRITING THAT IS RECORDED WITH THE CLERK
2 OF THE CIRCUIT COURT FOR A COUNTY OR FILED WITH THE DEPARTMENT UNDER §
3 12-102 OF THIS SUBTITLE.~~

~~4 (2) (I) THE RECORDATION TAX IS IMPOSED ON THE CONSIDERATION
5 PAYABLE FOR THE TRANSFER OF THE CONTROLLING INTEREST IN THE REAL
6 PROPERTY ENTITY.~~

~~7 (II) THE CONSIDERATION TO WHICH THE RECORDATION TAX
8 APPLIES INCLUDES THE AMOUNT OF:~~

~~9 1: ANY MORTGAGE, DEED OF TRUST, OR OTHER LIEN UPON
10 OR SECURITY INTEREST IN THE REAL PROPERTY DIRECTLY OR BENEFICIALLY
11 OWNED BY THE REAL PROPERTY ENTITY; AND~~

~~12 2: ANY OTHER DEBT OR ENCUMBRANCE OF THE REAL
13 PROPERTY ENTITY.~~

~~14 (III) THE CONSIDERATION TO WHICH THE RECORDATION TAX
15 APPLIES IS REDUCED BY THE AMOUNT ALLOCABLE TO THE ASSETS OF THE REAL
16 PROPERTY ENTITY OTHER THAN REAL PROPERTY.~~

~~17 (IV) THE REAL PROPERTY ENTITY HAS THE BURDEN OF
18 ESTABLISHING TO THE SATISFACTION OF THE DEPARTMENT THE CONSIDERATION
19 REFERRED TO IN SUBPARAGRAPH (I) OF THIS PARAGRAPH AND THE AMOUNT OF ANY
20 CONSIDERATION ALLOCABLE TO ASSETS OTHER THAN REAL PROPERTY REFERRED
21 TO IN SUBPARAGRAPH (III) OF THIS PARAGRAPH.~~

~~22 (V) IF THE REAL PROPERTY ENTITY FAILS TO ESTABLISH THE
23 AMOUNT OF CONSIDERATION REFERRED TO IN SUBPARAGRAPH (I) OF THIS
24 PARAGRAPH, THE RECORDATION TAX IS IMPOSED ON THE VALUE OF THE REAL
25 PROPERTY DIRECTLY OR BENEFICIALLY OWNED BY THE REAL PROPERTY ENTITY
26 DETERMINED BY THE DEPARTMENT AT THE DATE OF FINALITY IMMEDIATELY
27 BEFORE THE DATE OF THE FINAL TRANSFER.~~

~~28 (3) EXCEPT AS OTHERWISE PROVIDED IN § 12-103(D) OF THIS SUBTITLE,
29 THE RECORDATION TAX IS APPLIED AT THE RATE SET UNDER § 12-103(B) OF THIS
30 SUBTITLE BY THE COUNTY WHERE THE REAL PROPERTY IS LOCATED.~~

~~31 (C) (1) THE TRANSFER OF A CONTROLLING INTEREST IN A REAL PROPERTY
32 ENTITY IS NOT SUBJECT TO THE RECORDATION TAX IF THE TRANSFER OF THE REAL
33 PROPERTY BY AN INSTRUMENT OF WRITING BETWEEN THE SAME PARTIES AND
34 UNDER THE SAME CIRCUMSTANCES WOULD HAVE BEEN EXEMPT UNDER § 12-108 OF
35 THIS SUBTITLE.~~

~~36 (2) THE RECORDATION TAX IS NOT IMPOSED ON THE TRANSFER OF A
37 CONTROLLING INTEREST IN A REAL PROPERTY ENTITY EFFECTED IN MORE THAN
38 ONE TRANSACTION IF:~~

- 1 ~~(I) THE TRANSFER IS COMPLETED OVER A PERIOD OF MORE THAN~~
2 ~~12 MONTHS; OR~~
- 3 ~~(II) THE TRANSFER IS NOT MADE IN ACCORDANCE WITH A PLAN OF~~
4 ~~TRANSFER.~~
- 5 ~~(3) THE RECORDATION TAX IS NOT IMPOSED ON THE TRANSFER OF A~~
6 ~~CONTROLLING INTEREST IN A REAL PROPERTY ENTITY TO ANOTHER BUSINESS IF~~
7 ~~THE OWNERSHIP INTERESTS IN THE TRANSFEREE BUSINESS ENTITY ARE HELD BY~~
8 ~~THE SAME PERSONS AND IN THE SAME PROPORTION AS IN THE REAL PROPERTY~~
9 ~~ENTITY THE CONTROLLING INTEREST OF WHICH WAS TRANSFERRED.~~
- 10 ~~(4) THE RECORDATION TAX IS NOT IMPOSED ON THE TRANSFER OF A~~
11 ~~CONTROLLING INTEREST IN A REAL PROPERTY ENTITY IF EACH TRANSFEROR, EACH~~
12 ~~TRANSFEREE, AND EACH REAL PROPERTY ENTITY IS:~~
- 13 ~~(I) A SUBSIDIARY CORPORATION, ALL OF THE STOCK OF WHICH IS~~
14 ~~OWNED, DIRECTLY OR INDIRECTLY, BY A COMMON PARENT CORPORATION;~~
- 15 ~~(II) A PARTNERSHIP, ALL OF THE INTERESTS IN WHICH ARE~~
16 ~~OWNED, DIRECTLY OR INDIRECTLY, BY ONE OR MORE SUBSIDIARIES OR THE~~
17 ~~COMMON PARENT CORPORATION; OR~~
- 18 ~~(III) THE COMMON PARENT CORPORATION.~~
- 19 ~~(5) THE RECORDATION TAX IS NOT IMPOSED ON THE TRANSFER OF A~~
20 ~~CONTROLLING INTEREST IN A REAL PROPERTY ENTITY IF THE TRANSFEREE OF THE~~
21 ~~CONTROLLING INTEREST IN THE REAL PROPERTY ENTITY IS:~~
- 22 ~~(I) A NONSTOCK CORPORATION ORGANIZED UNDER TITLE 5,~~
23 ~~SUBTITLE 2 OF THE CORPORATIONS AND ASSOCIATIONS ARTICLE; AND~~
- 24 ~~(II) REGISTERED WITH THE DEPARTMENT OF AGING AS A~~
25 ~~CONTINUING CARE RETIREMENT COMMUNITY UNDER ARTICLE 70B, § 9 OF THE~~
26 ~~CODE.~~
- 27 ~~(6) THE REAL PROPERTY ENTITY HAS THE BURDEN OF ESTABLISHING~~
28 ~~TO THE SATISFACTION OF THE DEPARTMENT THE APPLICABILITY OF ANY~~
29 ~~EXEMPTION REFERRED TO IN PARAGRAPHS (1) THROUGH (5) OF THIS SUBSECTION.~~
- 30 ~~(D) (1) THE REAL PROPERTY ENTITY SHALL FILE WITH THE DEPARTMENT A~~
31 ~~REPORT OF ANY TRANSFER OF A CONTROLLING INTEREST IN THE REAL PROPERTY~~
32 ~~ENTITY THAT IS COMPLETED WITHIN A PERIOD OF 12 MONTHS OR LESS WITHIN 30~~
33 ~~DAYS FOLLOWING THE DATE OF THE FINAL TRANSFER.~~
- 34 ~~(2) THE REPORT SHALL INCLUDE ALL INFORMATION TO ESTABLISH TO~~
35 ~~THE SATISFACTION OF THE DEPARTMENT:~~
- 36 ~~(I) THE CONSIDERATION REFERRED TO IN SUBSECTION (B)(2)(1) OF~~
37 ~~THIS SECTION;~~

1 ~~(H) THE AMOUNT OF ASSETS OTHER THAN REAL ESTATE~~
2 ~~REFERRED TO IN SUBSECTION (B)(2)(H) OF THIS SECTION; AND~~

3 ~~(HH) ANY EXEMPTION PROVIDED FOR IN SUBSECTION (C) OF THIS~~
4 ~~SECTION.~~

5 ~~(3) THE REPORT SHALL BE ACCOMPANIED BY PAYMENT OF:~~

6 ~~(I) A \$20 FILING FEE; AND~~

7 ~~(II) ANY TAX, INTEREST, AND PENALTY THAT IS DUE.~~

8 ~~(E) (1) IF ANY TAX DUE UNDER THIS SECTION REMAINS UNPAID FOR 30~~
9 ~~DAYS AFTER THE DATE OF THE FINAL TRANSFER, THEN:~~

10 ~~(I) INTEREST ON THE UNPAID AMOUNT SHALL ACCRUE~~
11 ~~THEREAFTER AT THE RATE OF 1% PER MONTH; AND~~

12 ~~(II) A PENALTY OF 10% OF THE UNPAID AMOUNT SHALL BE DUE.~~

13 ~~(2) ANY TAX, INTEREST, AND PENALTY DUE UNDER THIS SECTION IS AN~~
14 ~~OBLIGATION OF THE REAL PROPERTY ENTITY.~~

15 ~~(3) FOR REASONABLE CAUSE, THE DEPARTMENT MAY WAIVE THE~~
16 ~~IMPOSITION OF INTEREST OR PENALTY.~~

17 ~~(F) THIS SECTION DOES NOT APPLY TO:~~

18 ~~(1) A PLEDGE OF STOCK OR OTHER INTEREST IN A REAL PROPERTY~~
19 ~~ENTITY AS SECURITY FOR A LOAN; OR~~

20 ~~(2) THE ADMISSION TO THE REAL PROPERTY ENTITY OF ADDITIONAL~~
21 ~~SHAREHOLDERS, PARTNERS, BENEFICIAL OWNERS, OR OTHER MEMBERS INCIDENT~~
22 ~~TO THE RAISING OF ADDITIONAL CAPITAL THROUGH A PUBLIC OR PRIVATE~~
23 ~~OFFERING OF STOCK OR OTHER INTERESTS IN THE REAL PROPERTY ENTITY IF:~~

24 ~~(I) THE EFFECTIVE MANAGEMENT OF THE REAL PROPERTY~~
25 ~~ENTITY IS NOT SUBSTANTIALLY CHANGED; AND~~

26 ~~(II) UNDER THE TERMS OF THE OFFERING, NONE OF THE NEW~~
27 ~~MEMBERS IS EXPECTED TO PARTICIPATE IN THE DAY TO DAY MANAGEMENT OF~~
28 ~~THE REAL PROPERTY ENTITY.~~

29 ~~(G) (1) THE DEPARTMENT SHALL ADOPT REGULATIONS TO ADMINISTER~~
30 ~~THIS SECTION.~~

31 ~~(2) THE REGULATIONS SHALL INCLUDE ANY ADDITIONAL STANDARDS~~
32 ~~AND EXEMPTIONS TO ASSURE THAT:~~

1 ~~(I) A TAX IS IMPOSED WHEN A TRANSACTION IS STRUCTURED~~
2 ~~INVOLVING A CONTROLLING INTEREST IN A REAL PROPERTY ENTITY TO AVOID~~
3 ~~PAYMENT OF THE RECORDATION TAX;~~

4 ~~(II) EXEMPTIONS PROVIDED BY LAW WHEN REAL PROPERTY IS~~
5 ~~TRANSFERRED BY AN INSTRUMENT OF WRITING ARE APPLICABLE; AND~~

6 ~~(III) THERE IS NO DOUBLE TAXATION OF A SINGLE TRANSACTION;~~

7 ~~13-103.~~

8 ~~(A) IN THIS SECTION, "CONTROLLING INTEREST", "REAL PROPERTY", AND~~
9 ~~"REAL PROPERTY ENTITY" HAVE THE MEANINGS STATED IN § 12-116 OF THIS~~
10 ~~ARTICLE.~~

11 ~~(B) (1) THE TAXES UNDER THIS TITLE ARE IMPOSED ON THE TRANSFER OF~~
12 ~~A CONTROLLING INTEREST IN A REAL PROPERTY ENTITY AS IF THE REAL PROPERTY~~
13 ~~DIRECTLY OR BENEFICIALLY OWNED BY THE REAL PROPERTY ENTITY WERE~~
14 ~~CONVEYED BY AN INSTRUMENT OF WRITING THAT IS RECORDED WITH THE CLERK~~
15 ~~OF THE CIRCUIT COURT FOR A COUNTY OR FILED WITH THE DEPARTMENT UNDER §~~
16 ~~13-202 OF THIS TITLE.~~

17 ~~(2) THE TAXES UNDER THIS SECTION ARE IMPOSED ON THE~~
18 ~~CONSIDERATION PAYABLE FOR THE TRANSFER OF THE CONTROLLING INTEREST IN~~
19 ~~THE REAL PROPERTY ENTITY OR ON THE VALUE OF THE REAL PROPERTY DIRECTLY~~
20 ~~OR BENEFICIALLY OWNED BY THE REAL PROPERTY ENTITY, AS PROVIDED IN~~
21 ~~§ 12-116(B)(2) OF THIS ARTICLE.~~

22 ~~(3) (I) EXCEPT FOR THE COUNTY TRANSFER TAX, THE TAXES UNDER~~
23 ~~THIS SECTION SHALL BE APPLIED AT THE RATES ESTABLISHED IN THIS TITLE.~~

24 ~~(II) THE COUNTY TRANSFER TAX SHALL BE APPLIED AT THE RATE~~
25 ~~IMPOSED BY THE COUNTY WHERE THE REAL PROPERTY IS LOCATED.~~

26 ~~(C) THE TAXES UNDER THIS TITLE ARE NOT IMPOSED ON THE TRANSFER OF A~~
27 ~~CONTROLLING INTEREST IN A REAL PROPERTY ENTITY IN ANY OF THE~~
28 ~~CIRCUMSTANCES DESCRIBED:~~

29 ~~(1) IN § 13-207 OF THIS TITLE THAT EXEMPTS AN INSTRUMENT OF~~
30 ~~WRITING FROM THE TRANSFER TAX; OR~~

31 ~~(2) IN § 12-116(C) OF THIS ARTICLE THAT EXEMPTS THE TRANSFER OF A~~
32 ~~CONTROLLING INTEREST IN A REAL PROPERTY ENTITY FROM THE RECORDATION~~
33 ~~TAX.~~

34 ~~(D) IN EACH INSTANCE IN WHICH A CONTROLLING INTEREST IN A REAL~~
35 ~~PROPERTY ENTITY IS TRANSFERRED, THE PROVISIONS OF § 12-116(D) AND (E) OF THIS~~
36 ~~ARTICLE ARE APPLICABLE.~~

1 ~~(E) THIS SECTION DOES NOT APPLY IN THE CIRCUMSTANCES DESCRIBED IN §~~
2 ~~12-116(F) OF THIS ARTICLE.~~

3 ~~(F) THE DEPARTMENT SHALL ADOPT REGULATIONS TO ADMINISTER THIS~~
4 ~~SECTION IN THE SAME MANNER AS IN § 12-116(G) OF THIS ARTICLE.~~

5 ~~13-209.~~

6 ~~(a) (1) THE DEPARTMENT SHALL DEDUCT THE COST OF ADMINISTERING~~
7 ~~THE TRANSFER TAX FROM THE TAXES COLLECTED UNDER THIS TITLE AND CREDIT~~
8 ~~THOSE REVENUES TO THE FUND ESTABLISHED UNDER § 1-203.3 OF THE~~
9 ~~CORPORATIONS AND ASSOCIATIONS ARTICLE.~~

10 ~~(2) [The] AFTER DEDUCTING THE REVENUES REQUIRED UNDER~~
11 ~~PARAGRAPH (1) OF THIS SUBSECTION, THE revenue from transfer tax is payable to~~
12 ~~the Comptroller for deposit in a special fund.~~

13 ~~SECTION 6. AND BE IT FURTHER ENACTED, That, for a taxable year~~
14 ~~beginning after December 31, 2002 but before January 1, 2004, notwithstanding §§~~
15 ~~13-602 and 13-702 of the Tax – General Article, the Comptroller shall assess interest~~
16 ~~and penalty under § 13-602 and 13-702 of the Tax – General Article if a corporation~~
17 ~~pays estimated income tax for the taxable year in an amount less than 90% of the tax~~
18 ~~required to be shown on the corporation's income tax return for the taxable year.~~

19 ~~SECTION 7. AND BE IT FURTHER ENACTED, That the Comptroller, in~~
20 ~~conjunction with the business community, shall study and report to the Governor and,~~
21 ~~subject to § 2-1246 of the State Government Article, to the General Assembly by~~
22 ~~December 1, 2003 on the following:~~

23 ~~(a) the issues related to combined reporting under the corporate income tax by~~
24 ~~business entities;~~

25 ~~(b) any necessary statutory and regulatory changes needed to implement~~
26 ~~combined reporting;~~

27 ~~(c) the anticipated annual State revenue impact and the impact on Maryland~~
28 ~~businesses of combined reporting; and~~

29 ~~(d) any other issues related to combined reporting that should be addressed.~~

30 ~~SECTION 2. AND BE IT FURTHER ENACTED, That, notwithstanding the~~
31 ~~provisions of § 8-402 of the Transportation Article or any other provision of law, for~~
32 ~~fiscal year 2004 only, in addition to any revenues specified in Section 17 of Chapter~~
33 ~~(H.B. 935) of the Acts of 2003, \$7,700,000 from motor vehicle registration~~
34 ~~revenues and other user fees from the Motor Vehicle Administration shall be deposited~~
35 ~~in the General Fund rather than in the Gasoline and Motor Vehicle Revenue Account of~~
36 ~~the Transportation Trust Fund or the Transportation Trust Fund, respectively.~~
37 ~~Notwithstanding the provisions of this section, the calculation of the local share of~~
38 ~~highway user revenues pursuant to § 8-403 of the Transportation Article shall not be~~
39 ~~affected and the total amount of highway user revenues for the purpose of such~~

1 calculation shall be calculated in accordance with the provisions of law without regard
2 to this section.

3 SECTION 4. ~~§ 3.~~ AND BE IT FURTHER ENACTED, That if any provision of
4 this Act or the application thereof to any person or circumstance is held invalid for
5 any reason in a court of competent jurisdiction, the invalidity does not affect other
6 provisions or any other application of this Act which can be given effect without the
7 invalid provision or application, and for this purpose the provisions of this Act are
8 declared severable.

9 SECTION 5. ~~9.~~ AND BE IT FURTHER ENACTED, That the changes to §
10 ~~10-822 of the Tax - General Article under Section 1 of this Act shall take effect~~
11 ~~January 1, 2004.~~

12 SECTION 4. AND BE IT FURTHER ENACTED, That, for a taxable year
13 beginning after December 31, 2002 but before January 1, 2004:

14 (1) A corporation's estimated tax payments for the taxable year shall
15 reflect the income tax surcharge imposed under § 10-102(2) of the Tax - General
16 Article, as enacted by Section 1 of this Act; and

17 (2) Notwithstanding §§ 13-602 and 13-702 of the Tax - General Article,
18 the Comptroller shall assess interest and penalties under §§ 13-602 and 13-702 of the
19 Tax - General Article if a corporation pays estimated income tax for the taxable year in
20 an amount less than 90% of the tax required to be shown on the corporation's income
21 tax return for the taxable year.

22 SECTION 6. AND BE IT FURTHER ENACTED, That Section 3 of this Act shall
23 ~~take effect on the taking effect of the termination provision specified in Section 31 of~~
24 ~~Chapter 440 of the Acts of the General Assembly of 2002. If that termination provision~~
25 ~~takes effect, Section 2 of this Act shall be abrogated and of no further force and effect.~~
26 ~~This Act may not be interpreted to have any effect on that termination provision.~~

27 SECTION 10. AND BE IT FURTHER ENACTED, That the changes to §§
28 ~~13-803 and 13-812 of the Tax - General Article under Section 1 of this Act shall take~~
29 ~~effect October 1, 2003.~~

30 SECTION 4. 5. AND BE IT FURTHER ENACTED, That:

31 (a) Notwithstanding any other provision of law, and except as otherwise
32 provided in this section, Section 2 the premium tax imposed under § 6-102 of the
33 Insurance Article, as enacted by Section 1 of this Act, is applicable to:

34 (1) capitation payments, including supplemental or bonus payments,
35 made to managed care organizations on or after July 1, 2003; and

36 (2) premiums written for all policies, contracts, and health benefit plans
37 issued, delivered, or renewed in the State on or after July 1, 2003.

1 (b) ~~Section 2~~ The premium tax imposed under § 6-102 of the Insurance Article,
2 as enacted by Section 1 of this Act, does not apply to:

3 (1) capitation payments, supplemental payments, or bonus payments
4 made to managed care organizations ~~on or~~ before July 1, 2003;

5 (2) premiums written for all policies, contracts, and health benefit plans
6 issued, delivered, or renewed in the State ~~on or~~ before July 1, 2003.

7 (c) Any health benefit plan in effect before July 1, 2003, shall comply with the
8 provisions of ~~Section 2 of this Act~~ Title 6 of the Insurance Article no later than July 1,
9 2004.

10 ~~SECTION 42. 6. AND BE IT FURTHER ENACTED,~~ That, for taxable years
11 beginning after December 31, 2003, the exemption under § 10-104 of the Tax -
12 General Article is applicable to health maintenance organizations and managed care
13 organizations that are subject to the insurance premium tax under Title 6 of the
14 Insurance Article.

15 ~~SECTION 7. AND BE IT FURTHER ENACTED,~~ That ~~§§ 10-109, 10-306.1,~~
16 ~~10-402(c), and 10-804(e)(3) of the Tax - General Article, as enacted by Section 1 of~~
17 ~~this Act, shall be applicable to all taxable years beginning after December 31, 2002.~~

18 ~~SECTION 13. AND BE IT FURTHER ENACTED,~~ That ~~the fee required to be~~
19 ~~paid with an annual report under § 1-203(b)(9) of the Corporations and Associations~~
20 ~~Article as enacted under Section 3 of this Act shall be applicable to all annual reports~~
21 ~~filed after December 31, 2003.~~

22 ~~SECTION 14. AND BE IT FURTHER ENACTED,~~ That ~~Section 4 of this Act~~
23 ~~shall be applicable to all taxable years beginning after December 31, 2002.~~

24 ~~SECTION 15. AND BE IT FURTHER ENACTED,~~ That ~~Section 5 of this Act~~
25 ~~shall take effect January 1, 2004.~~

26 ~~SECTION 7. 16. 8.~~ AND BE IT FURTHER ENACTED, That, except as provided
27 in Sections ~~5 and 6~~ 9 through 15 ~~5 through 7~~ of this Act, this Act shall take effect July
28 1, 2003.